

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Borough of Ho-Ho-Kus Board of Education  
Ho-Ho-Kus, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

**Borough of Ho-Ho-Kus Board of Education  
Finance Department**

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**

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## **INTRODUCTORY SECTION**

**Board of Education  
Ho-Ho-Kus School District  
70 Lloyd Road  
Ho-Ho-Kus, NJ 07423**

November 14, 2012

Honorable President and  
Members of the Board of Education  
Ho-Ho-Kus School District  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Ho-Ho-Kus School District (District) for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial positions and cash flows, where applicable, thereof for the year ended inconformity with the accounting principles generally accepted in the Unites States of America All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular "A-133, Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Ho-Ho-Kus School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Ho-Ho-Kus Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through Eight. These include regular education, as well as special education for special needs students. In addition, there were 223 Ho-Ho-Kus students who attended Northern Highlands Regional High School in Allendale which represented an increase of 13 students. The student enrollment data, listed in the table below, does not include the high school students. The District's enrollment for the 2011-2012 fiscal year was 647 students or an increase of 6 students from the prior year. The following table details the changes in the Pre-K through 8<sup>th</sup> grade student enrollment of the District over the last ten years.

**Student Enrollment**

Fiscal Year	Student Enrollment	Percent Change
2011-12	647	0.94%
2010-11	641	-4.75%
2009-10	673	1.66%
2008-09	662	-1.05%
2007-08	669	0.15%
2006-07	668	2.61%
2005-06	651	4.83%
2004-05	621	0.98%
2003-04	615	2.84%
2002-03	598	-1.32%

**2) ECONOMIC CONDITION AND OUTLOOK:** Ho-Ho-Kus is a suburban residential community with its working population represented principally by white collar and professional people who commute to New York City and other commercial areas within New Jersey. The unemployment rate was 7.0% in December 2011, just below the county average of 7.1%, and well below the state average of 9.1% and national average of 8.5% for the same month. The Borough is near full development and does not expect significant development going forward.

**3) MAJOR INITIATIVES:** Ho-Ho-Kus Public School continues to run a comprehensive preK-8 program. Our students perform above state and national averages on the NJASK 3 through 8 and participate in a wide range of co-curricular activities in athletics and the arts. Prior to the 2011-2012 school year, school-based committees developed goals and action plans for the school district that will focus on the following:

- Continue to develop and implement programs to raise levels of student achievement
- Implement technology programs to improve communication, infrastructure and instruction
- Increase community awareness of the effects of bullying, and adopt the new state regulations addressing harassment, intimidation and bullying

- Investigate and implement systems for on-going facility maintenance and use.
- Develop units of study that incorporate pre and post assessment and tiered instruction.
- Continue to work to create a respectful school environment and work to educate all stakeholders in anti-bullying requirements.
- All teachers will work to incorporate effective strategies for co-operative teaching.

Major initiatives for the school involve the continued use of technology and differentiation to enhance instruction in the classroom. The shared Director of Curriculum and Instruction has continued to schedule visitations between the elementary staff and the high school in mathematics and Language Arts to enhance the coordination of curriculum. Changes to mathematics curriculum based on new graduation requirements will be continue to be addressed and will include visitations to other districts to determine effective resources for future program implementation. Staff will continue to participate in a series of professional learning community activities with a focus on the use of technology to enhance instruction. Assessment of children in grades 3 through 8 on their writing skills using a research based individualized Writing Assessment Program. Initiatives in the creation of *Readers' and Writers' Workshops* and the implementation of the learner active technology infused model for instruction and formative assessment continue. An increased focus on the development of a respectful school environment and the use of Morning Meetings and Advisory time for student discussion to prevent incidents of bullying will all be part of 2011-2012 professional development and school-based goals. On-going facility use and maintenance procedures will be reviewed with a newly appointed Supervisor of Buildings and Grounds.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance

with legal provisions embodied in the annual appropriated budget approved by the voters of this municipality.

Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note I.

**7) DEBT ADMINISTRATION:** At June 30, 2012, the District had outstanding bonded debt of \$ 10,455,000.00. The total principal and interest payments paid during the 2011-2012 fiscal year are \$ 824,900.02. The bonds that were issued and dated January 1, 1999 were re-financed during fiscal year 2007-2008 in order to take advantage of lower interest rates, and the new bonds have a maturity date of January 1, 2029. The bonds dated December 1, 2003 were refunded in February 2012, and have a maturity date of June 30, 2029. The principal repayment schedule produces a level debt service schedule.

**8) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note III. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the Northeast Bergen County Insurance Group (NESBIG). This is a self-insurance pool with a multi-peril policy through Selective Insurance, and a self-insured workman's compensation plan.

**10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the

accounting firm of VM Associates Inc. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

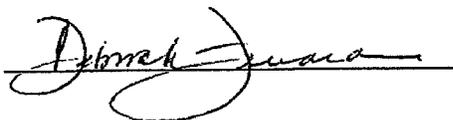
**B) Awards/Recognition** - The students of the Ho-Ho-Kus School participate in a wide range of events and co-curricular programs for which they received special recognition. Our teaching staff is involved with county, state, and regional professional organizations representing the school and impacting educational reform.

Listed below are events and programs relating to our awards and recognition:

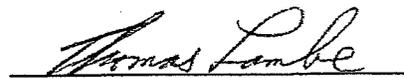
- National Spelling Bee and Geography Bee for middle school students
- Bergen County Regional Bands and Choruses - Area performing groups that required auditions
- Bergen Brain Busters Team, an inter-scholastic competition using the Middle School curriculum
- Regional/County athletic teams that compete in all areas of sports
- Individual students entered a wide range of essay, art, and poetry contests supported by local businesses, the YWCA, and public utilities
- Individual student art work chosen for national touring exhibition
- Service Learning students outreach programs and computer classes for senior citizens
- Student Council members are recognized for their participation in community service activities such as: Hurricane relief, food drives, items for the needy, recycling programs, and hosting the local senior citizens' and the Women's Club
- Awards and Recognition Night for grade 8
- Large portion of students accepted to prestigious high school programs

**11) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Ho-Ho-Kus School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's support staff.

Respectfully submitted,



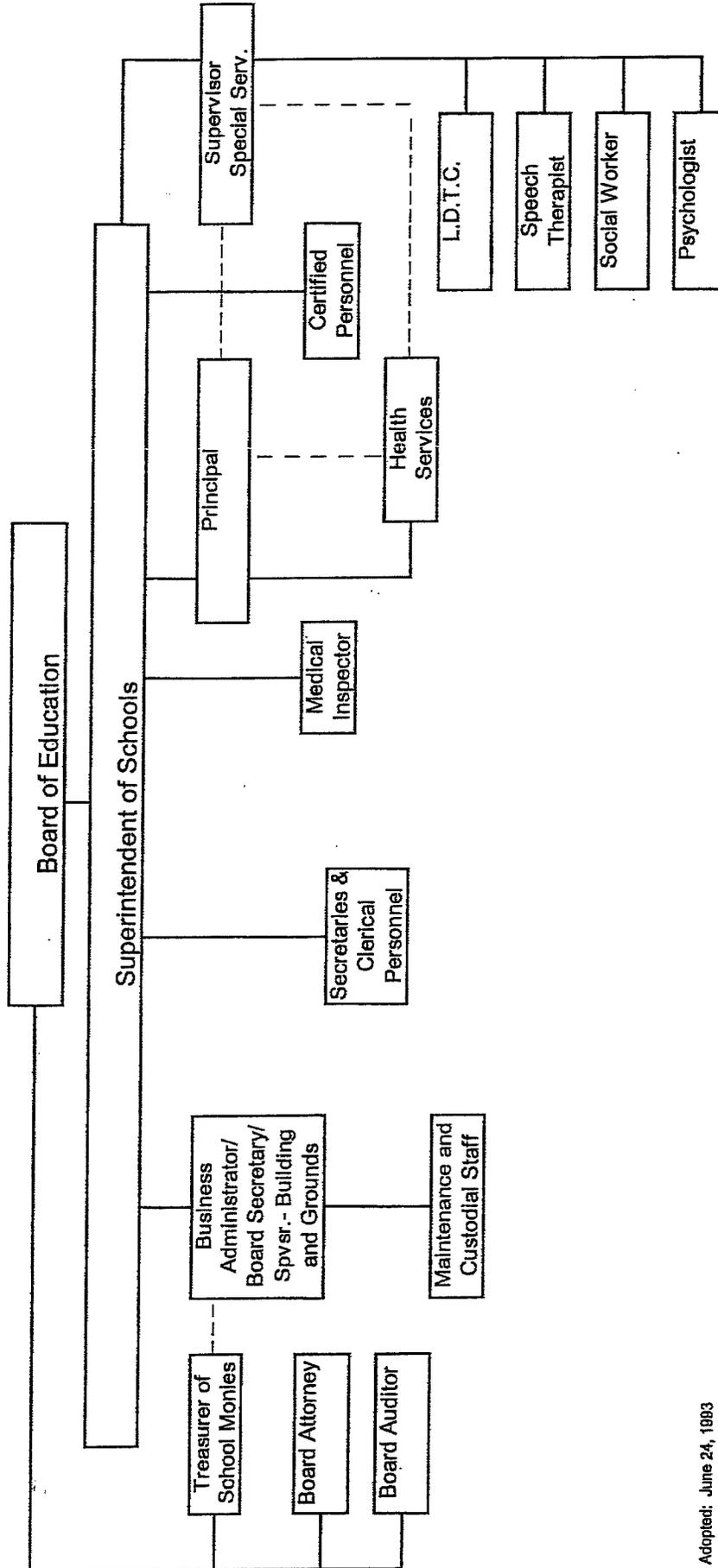
Mrs. Deborah Ferrara  
Superintendent



Mr. Thomas Lambe  
Business Administrator/Board Secretary

# HO-HO-KUS BOARD OF EDUCATION

## Organizational Chart



Adopted: June 24, 1983  
 Revised: Nov. 20, 2000  
 Revised: Jan. 18, 2005  
 Revised: Sept. 3, 2009  
 Revised: Oct. 13, 2011

# BOROUGH OF HO-HO-KUS BOARD OF EDUCATION

## ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Ellen Marie Walsh	President	2014
Michaela Donadio	Vice-President	2012
Colleen A. Federer	Member	2013
John T. Buffa	Member	2014
Mary Ellen Nye	Member	2012

### Other Officials

Mrs. Deborah Ferrara	Superintendent
Mr. Thomas Lambe	Business Administrator/Board Secretary
Mrs. Catherine Henderson	Treasurer of School Monies

**BOROUGH OF HO-HO-KUS BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

Di Cara/Rubino Architects  
30 Galesi Drive, West Wing  
Wayne, New Jersey 07470

**AUDIT FIRM**

VM Associates, Inc.  
111 Howard Boulevard  
P.O. Box 397  
Mt. Arlington, New Jersey 07856

**ATTORNEY**

Wiley, Malehorn & Sirota  
250 Madison Avenue  
Morristown, New Jersey 07960

**SPECIAL EDUCATION ATTORNEY**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, New Jersey 07410

**RISK MANAGER**

Eastern Insurors, Inc.  
445 Godwin Avenue  
Midland Park, New Jersey 07432

**OFFICIAL DEPOSITORY**

Capital One Bank  
9 East Ridgewood Ave  
Ridgewood, NJ 07450

## **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**



# VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

## INDEPENDENT AUDITORS' REPORT

The Honorable President and  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ho-Ho-Kus School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Ho-Ho-Kus School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ho-Ho-Kus School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2012 on our consideration of the Borough of Ho-Ho-Kus School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ho-Ho-Kus School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Vincent M. Montanino  
Public School Accountant  
License No. CS000495



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

November 16, 2012

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Borough of Ho-Ho-Kus School District financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

### FINANCIAL HIGHLIGHTS

- The District's total net assets increased \$ 1,013,556.67 as a result of this year's operations. Net assets of our business-type activities decreased by \$1,310.71 or 6.27 percent, and net assets of our governmental activities increased by \$ 1,014,867.38 or 16.26 percent.
- Total cost of all of the District's programs was \$ 13,520,321.89 in 2011-2012 compared to \$ 13,503,918.87 in 2010-2011.
- During the year, the District generated a total of \$ 14,516,800.40 in tax and other program revenues from governmental activities which was an increase of 4.78 percent from the previous year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

#### Reporting the District as a Whole

##### The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund as shown on pages 31 to 33.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental funds:* most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on page 29.

*Proprietary funds:* when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### **The District as Trustee**

#### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$ 6,261,330.86 to \$7,274,887.53. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 1,943,674.39	\$ 1,340,941.70	\$ 10,089.48	\$ 9,774.01	\$ 1,953,763.87	\$ 1,350,715.71
Capital Assets	<u>15,055,494.27</u>	<u>15,407,460.12</u>	<u>9,517.04</u>	<u>11,143.22</u>	<u>15,065,011.31</u>	<u>15,418,603.34</u>
Total Assets	<u>16,999,168.66</u>	<u>16,748,401.82</u>	<u>19,606.52</u>	<u>20,917.23</u>	<u>17,018,775.18</u>	<u>16,769,319.05</u>
Long-Term Debt Outstanding	9,289,860.00	9,754,802.50			9,289,860.00	9,754,802.50
Other Liabilities	<u>454,027.65</u>	<u>753,185.69</u>	<u>-</u>	<u>-</u>	<u>454,027.65</u>	<u>753,185.69</u>
Total Liabilities	<u>9,743,887.65</u>	<u>10,507,988.19</u>	<u>-</u>	<u>-</u>	<u>9,743,887.65</u>	<u>10,507,988.19</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	5,675,494.27	5,309,460.12	9,517.04	11,143.22	5,685,011.31	5,320,603.34
Restricted	1,539,574.03	877,136.46			1,539,574.03	877,136.46
Unrestricted (Deficit)	<u>40,212.71</u>	<u>53,817.05</u>	<u>10,089.48</u>	<u>9,774.01</u>	<u>50,302.19</u>	<u>63,591.06</u>
Total Net Assets	<u>\$ 7,255,281.01</u>	<u>\$ 6,240,413.63</u>	<u>\$ 19,606.52</u>	<u>\$ 20,917.23</u>	<u>\$ 7,274,887.53</u>	<u>\$ 6,261,330.86</u>

Net assets of the District's governmental activities increased by 16.26 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$13,604.34. Restricted net assets, those restricted mainly for capital projects increased by \$662,437.57. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category increased by \$366,034.15.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 449,339.00	\$ -	\$ 8,850.00	\$ 8,820.00	\$ 458,189.00	\$ 8,820.00
Operating Grants and Contributions	1,720,430.94	1,674,123.85	8,194.48	6,924.82	1,728,625.42	1,681,048.67
General Revenues:						
Property Taxes	11,914,064.04	11,571,894.65			11,914,064.04	11,571,894.65
Tuition		429,226.10			-	429,226.10
Federal and State Aid	984.00	23,625.00			984.00	23,625.00
Interest and Investment Earnings	-	1,713.43	33.67	72.51	33.67	1,785.94
Other General Revenues	123,982.42	154,520.29			123,982.42	154,520.29
Special Item-Debt Refinanced, Net	308,000.00	-	-	-	308,000.00	-
Total Revenues:	<u>14,516,800.40</u>	<u>13,855,103.32</u>	<u>17,078.15</u>	<u>15,817.33</u>	<u>14,533,878.55</u>	<u>13,870,920.65</u>
<u>Program Expenses Including Indirect Expenses</u>						
Instruction:						
Regular	4,573,681.73	4,574,260.43			4,573,681.73	4,574,260.43
Special Education	1,171,923.93	1,306,080.16			1,171,923.93	1,306,080.16
Other Instruction	473,154.74	366,008.38			473,154.74	366,008.38
Support Services:						
Tuition	3,114,066.52	3,091,447.86			3,114,066.52	3,091,447.86
Student and Instruction Related Services	1,556,839.53	1,364,867.81			1,556,839.53	1,364,867.81
School Administrative Services	558,183.19	578,928.66			558,183.19	578,928.66
General and Business Administrative Sers.	507,113.65	563,586.71			507,113.65	563,586.71
Plant Operations and Maintenance	985,780.59	949,358.61			985,780.59	949,358.61
Pupil Transportation	217,420.19	270,548.92			217,420.19	270,548.92
Interest on Long-Term Debt	343,768.96	423,528.35			343,768.96	423,528.35
Business-Type Activities:						
Food Services	-	-	18,388.86	15,302.98	18,388.86	15,302.98
Total Expenses	<u>13,501,933.03</u>	<u>13,488,615.89</u>	<u>18,388.86</u>	<u>15,302.98</u>	<u>13,520,321.89</u>	<u>13,503,918.87</u>
Increase (Decrease) in Net Assets	<u>\$ 1,014,867.38</u>	<u>\$ 366,487.43</u>	<u>\$ (1,310.71)</u>	<u>\$ 514.35</u>	<u>\$ 1,013,556.67</u>	<u>\$ 367,001.78</u>

**THE DISTRICT'S FUNDS**

**Governmental Activities**

**Table 3**

**Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011**

<u>Revenues by Source:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Local Tax Levy	\$ 12,188,710.00	\$ 11,926,479.00	2.20%
Tuition Charges	449,339.00	429,226.10	4.69%
Interest Earned to Investments	1,079.46	1,713.43	-37.00%
Miscellaneous	187,184.27	218,570.77	-14.36%
Total - Local Sources	12,826,312.73	12,575,989.30	1.99%
State Sources	1,222,121.73	1,003,308.32	21.81%
Federal Sources	182,106.95	275,805.70	-33.97%
Total Revenues	<u>\$ 14,230,541.41</u>	<u>\$ 13,855,103.32</u>	2.71%

<u>Expenditures by Function:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
<b>Current:</b>			
Regular Instruction	\$ 3,214,014.17	\$ 3,210,044.81	0.12%
Special Education	899,343.95	1,036,755.23	-13.25%
Other Instruction	342,243.53	273,524.62	25.12%
<b>Support Services and Undistributed Costs:</b>			
Tuition	3,114,066.52	3,091,447.86	0.73%
Student and Instruction Related Services	1,058,187.97	1,014,478.80	4.31%
School Administrative Services	418,670.82	463,894.26	-9.75%
General and Business Administrative Services	406,820.18	424,389.83	-4.14%
Plant Operations and Maintenance	778,538.05	702,066.45	10.89%
Pupil Transportation	217,370.81	267,818.84	-18.84%
Employee Benefits	2,257,319.57	2,118,053.84	6.58%
Capital Outlay	86,565.15	2,980.00	2804.87%
Capital Outlay-Debt Assessment	21,741.00	37,385.00	100.00%
<b>Debt Service:</b>			
Principal	410,000.00	400,000.00	2.50%
Interest on Long-Term Debt	414,900.02	430,320.02	-3.58%
<b>Total Expenditures</b>	<u>\$ 13,639,781.74</u>	<u>\$ 13,473,159.56</u>	1.24%

### Business-type Activities

District's major Enterprise Funds consist of the Food Service Fund. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

**Table 4**

	Food Service
Total Assets	\$ 19,606.52
Net Assets	19,606.52
Change in Net Assets	(1,310.71)
Return on Ending Total Assets	-6.69%
Return on Ending Net Assets	-6.69%

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

**Table 5**

#### Capital Assets at Year-end (Net of Depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 39,002.00	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00	\$ 39,002.00
Land Improvements	238,360.00	238,360.00			238,360.00	238,360.00
Buildings	18,508,504.00	18,508,504.00			18,508,504.00	18,508,504.00
Machinery and Equipment	655,847.01	643,101.41	25,792.71	25,792.71	681,639.72	668,894.12
Construction-in-Progress	221,552.26	147,732.71	-	-	221,552.26	147,732.71
Subtotal	19,663,265.27	19,576,700.12	25,792.71	25,792.71	19,689,057.98	19,602,492.83
Accumulated Depreciation	(4,607,771.00)	(4,169,240.00)	(16,275.67)	(14,649.49)	(4,624,046.67)	(4,183,889.49)
Totals	\$ 15,055,494.27	\$ 15,407,460.12	\$ 9,517.04	\$ 11,143.22	\$ 15,065,011.31	\$ 15,418,603.34

The District's 2012-2013 budget has \$64,857 budgeted for capital projects. The whole amount is to be Transferred to Capital Projects. More detailed information about the District capital assets is presented in the notes to the basic financial statements

**DEBT**

At June 30, 2012, the District had outstanding bonded debt of \$ 9,380,000.00 which represented a decrease from the prior year by \$ 718,000.00 as depicted in the chart below.

**Outstanding Debt, at year –end**  
**Table 6**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Serial Bonds	<u>\$ 9,380,000.00</u>	<u>\$ 10,098,000.00</u>

An analysis of District Debt is presented in Note III:B. to the basic financial statements.

**BUDGETS**

The significant variances between the originally adopted budget for the 2011-2012 school year and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, there were major budget transfers during the fiscal year that on a cumulative basis were made to/from the major budget category groups listed below:

<u>Budget Category Description</u>	<u>Amount Increase/ (Decrease)</u>
Regular Programs – Undist. Instruction-General Supplies	\$ 105,778.00
Multiple Disabilities - Other-Salaries for Instruction	(49,114.83)
Tuition to Other LEAs Within the State - Regular	(31,244.00)
Undist. Expend. - Supp. Serv. Students-Special – Residential Costs	(40,000.00)
Undist. Expend.- Central Services-Salaries	(34,029.68)
Undist. Expend,- Admin. Info. Technology	40,618.21
Undist. Expend. - Required Maint.-Cleaning, Repair, & Maintenance.-	112,065.29
Undist. Expend. - Oth. Oper. & Maint. of Plant-Energy (Natural Gas)	(55,000.00)
Capital Outlay-Equipment	30,362.35

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Ho-Ho-Kus School District located at 70 Lloyd Road, Ho-Ho-Kus, New Jersey 07423.

## **BASIC FINANCIAL STATEMENTS**

**SECTION A**

**DISTRICT – WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Net Assets  
June 30, 2012**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,091,808.08	\$ 7,869.12	\$ 1,099,677.20
Investments	-		-
Receivables, Net	85,490.77	2,220.36	87,711.13
Inventory			-
Restricted Assets:			
Emergency Reserve-Cash	50,000.00		
Maintenance Reserve-Cash	350,000.00		350,000.00
Capital Reserve Account - Cash	366,375.54		366,375.54
Capital Assets, Net	<u>15,055,494.27</u>	<u>9,517.04</u>	<u>15,065,011.31</u>
Total Assets	<u>16,999,168.66</u>	<u>19,606.52</u>	<u>16,968,775.18</u>
<b>LIABILITIES</b>			
Accounts Payable	32,036.96	-	32,036.96
Bond Interest Payable	111,510.09		111,510.09
Deferred Revenue	140,480.60		140,480.60
Noncurrent Liabilities:			
Due Within One Year	170,000.00		170,000.00
Due Beyond One Year	<u>9,289,860.00</u>	<u>-</u>	<u>9,289,860.00</u>
Total Liabilities	<u>9,743,887.65</u>	<u>-</u>	<u>9,743,887.65</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	5,675,494.27	9,517.04	5,685,011.31
Restricted for:			
Debt Service	1.29		1.29
Other Purposes	1,539,572.74		1,539,572.74
Unrestricted	<u>40,212.71</u>	<u>10,089.48</u>	<u>50,302.19</u>
Total Net Assets	<u>\$ 7,255,281.01</u>	<u>\$ 19,606.52</u>	<u>\$ 7,274,887.53</u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
Statement of Activities  
For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,573,681.73	449,339.00	\$ 487,493.12		\$ (3,636,849.61)		\$ (3,636,849.61)
Special Education	1,171,923.93		314,723.47		(857,200.46)		(857,200.46)
Other Instruction	473,154.74		45,457.04		(427,697.70)		(427,697.70)
Support Services:							
Tuition	3,114,066.52		237,161.12		(2,876,905.40)		(2,876,905.40)
Student and Instruction Related Services	1,556,839.53		160,996.09		(1,395,843.44)		(1,395,843.44)
School Administrative Services	558,183.19		47,575.58		(510,607.61)		(510,607.61)
General and Business Administrative Services	507,113.65		33,887.94		(473,225.71)		(473,225.71)
Plant Operations and Maintenance	985,780.59		43,527.67		(942,252.92)		(942,252.92)
Pupil Transportation	217,420.19		5,839.95		(211,580.24)		(211,580.24)
Interest on Long-Term Debt	343,768.96	-	343,768.96		-		-
Total Governmental Activities	13,501,933.03	449,339.00	1,720,430.94	-	(11,332,163.08)	-	(11,332,163.08)
Business-Type Activities:							
Food Service	18,388.86	8,850.00	8,194.48		(1,344.38)		(1,344.38)
Total Business-Type Activities	18,388.86	8,850.00	8,194.48	-	(1,344.38)	-	(1,344.38)
Total Primary Government	\$ 13,520,321.89	\$ 458,189.00	\$ 1,728,625.42	\$ -	\$ (11,332,163.08)	\$ (1,344.38)	\$ (11,333,507.46)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 11,432,932.00	-	\$ 11,432,932.00
Property Taxes, Levied for Debt Service Principal					481,132.04		481,132.04
Federal and State Aid Not Restricted					984.00		984.00
Tuition (Other Than Special Schools)					-		-
Investment Earnings					1,079.46	33.67	1,113.13
Miscellaneous Income					122,902.96	-	122,902.96
Special Item-Debt Refinanced, Net					308,000.00	-	308,000.00
Transfers					-	-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers					12,347,030.46	33.67	12,347,064.13
Change in Net Assets					1,014,867.38	(1,310.71)	1,013,556.67
Net Assets—Beginning					6,240,413.63	20,917.23	6,261,330.86
Net Assets—Ending					\$ 7,255,281.01	\$ 19,606.52	\$ 7,274,887.53

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**SECTION B**  
**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Balance Sheet  
Governmental Funds  
June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 961,977.19	\$ 129,829.60		\$ 1.29	\$ 1,091,808.08
Investments					-
Interfunds Receivable	4,163.88		73,726.75		77,890.63
Receivables from Other Governments	71,393.18	10,651.00			82,044.18
Other	1,000.00				1,000.00
Restricted Cash and Cash Equivalents	<u>652,792.89</u>	<u>-</u>	<u>113,582.65</u>	<u>-</u>	<u>766,375.54</u>
Total Assets	<u>\$ 1,691,327.14</u>	<u>\$ 140,480.60</u>	<u>\$ 187,309.40</u>	<u>\$ 1.29</u>	<u>\$ 2,019,118.43</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 2,701.96	\$ -	\$ 29,335.00	\$ -	\$ 32,036.96
Interfunds Payable	75,444.04				75,444.04
Deferred Revenue - Local	<u>-</u>	<u>140,480.60</u>	<u>-</u>	<u>-</u>	<u>140,480.60</u>
Total Liabilities	<u>78,146.00</u>	<u>140,480.60</u>	<u>29,335.00</u>	<u>-</u>	<u>247,961.60</u>
Fund Balances:					
Restricted for:					
Excess Surplus- Current Year	355,479.49				355,479.49
Excess Surplus- Designated for Subsequent Year's Expenditures	230,115.45				230,115.45
Emergency Reserve	50,000.00				50,000.00
Capital Reserve Account	252,792.89				252,792.89
Maintenance Reserve	350,000.00				350,000.00
Assigned to:					
Encumbrances	91,386.96		110,214.00		201,600.96
Debt Service Fund				1.29	1.29
Designated for Subsequent Year's Expenditures	51,823.55				51,823.55
Capital Projects Fund			47,760.40		47,760.40
Unassigned:					
General Fund	<u>231,582.80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,582.80</u>
Total Fund Balances	<u>1,613,181.14</u>	<u>-</u>	<u>157,974.40</u>	<u>1.29</u>	<u>1,771,156.83</u>
Total Liabilities and Fund Balances	<u>\$ 1,691,327.14</u>	<u>\$ 140,480.60</u>	<u>\$ 187,309.40</u>	<u>\$ 1.29</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

The District has financed capital assets through the issuance of serial bonds. The adjustment to net assets for the accrual of interest expense is. (111,510.09)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,663,265.27 and the accumulated depreciation is \$4,607,771.00 15,055,494.27

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (9,459,860.00)

Net assets of Governmental Activities \$ 7,255,281.01

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
Statement of Revenues, Expenditures, And Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 11,432,932.00	\$ -	\$ -	\$ 755,778.00	\$ 12,188,710.00
Tuition Charges	449,339.00				449,339.00
Interest Earned on Capital Reserve Funds	1,079.46				1,079.46
Miscellaneous	<u>122,902.96</u>	<u>64,281.31</u>	<u>-</u>	<u>-</u>	<u>187,184.27</u>
Total - Local Sources	12,006,253.42	64,281.31	-	755,778.00	12,826,312.73
State Sources	1,152,998.73	-		69,123.00	1,222,121.73
Federal Sources	<u>740.00</u>	<u>181,366.95</u>	<u>-</u>	<u>-</u>	<u>182,106.95</u>
Total Revenues	<u>13,159,992.15</u>	<u>245,648.26</u>	<u>-</u>	<u>824,901.00</u>	<u>14,230,541.41</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	3,171,222.86	42,791.31			3,214,014.17
Special Education Instruction	734,930.95	164,413.00			899,343.95
Other Instruction	342,243.53				342,243.53
Support Services and Undistributed Costs:					
Tuition	3,114,066.52				3,114,066.52
Student and Instruction Related Services	1,019,744.02	38,443.95			1,058,187.97
School Administrative Services	418,670.82				418,670.82
General and Business Administrative Services	406,820.18				406,820.18
Plant Operations and Maintenance	778,538.05				778,538.05
Pupil Transportation	217,370.81				217,370.81
Unallocated Benefits	2,257,319.57	-			2,257,319.57
Capital Outlay	30,362.35	-	56,202.80		86,565.15
Capital Outlay-Debt Assessment	21,741.00				21,741.00
Debt Service:					
Principal				410,000.00	410,000.00
Interest and Other Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,900.02</u>	<u>414,900.02</u>
Total Expenditures	<u>12,513,030.66</u>	<u>245,648.26</u>	<u>56,202.80</u>	<u>824,900.02</u>	<u>13,639,781.74</u>
Excess (Deficiency) of Revenues over Expenditures	<u>646,961.49</u>	<u>-</u>	<u>(56,202.80)</u>	<u>0.98</u>	<u>590,759.67</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers In			214,177.20		214,177.20
Transfers (Out)	<u>(214,177.20)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214,177.20)</u>
Total Other Financing Sources and (Uses)	<u>(214,177.20)</u>	<u>-</u>	<u>214,177.20</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	432,784.29	-	157,974.40	0.98	590,759.67
Fund Balance—July 1	<u>1,180,396.85</u>	<u>-</u>	<u>-</u>	<u>0.31</u>	<u>1,180,397.16</u>
Fund Balance—June 30	<u>\$ 1,613,181.14</u>	<u>\$ -</u>	<u>\$ 157,974.40</u>	<u>\$ 1.29</u>	<u>\$ 1,771,156.83</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012**

**Total net change in fund balances - governmental funds (from B-2)** **\$ 590,759.67**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (438,531.00)	
	Capital Outlays	<u>86,565.15</u>	(351,965.85)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

		410,000.00	
Refunding of Series 2003 Serial Bonds, Net		<u>308,000.00</u>	718,000.00

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)

	Interest Paid	414,900.02	
	Interest Accrued	<u>(343,768.96)</u>	71,131.06

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).

(13,057.50)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

**Change in Net Assets of Governmental Activities**

\$ 1,014,867.38

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<u>Food Service</u>	<u>Totals</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 7,869.12	\$ 7,869.12
Accounts Receivable	1,717.29	1,717.29
Interfund Receivables	503.07	503.07
Total Current Assets	<u>10,089.48</u>	<u>10,089.48</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	25,792.71	25,792.71
Less Accumulated Depreciation	<u>(16,275.67)</u>	<u>(16,275.67)</u>
Total Noncurrent Assets	<u>9,517.04</u>	<u>9,517.04</u>
Total Assets	<u>19,606.52</u>	<u>19,606.52</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	9,517.04	9,517.04
Unrestricted	<u>10,089.48</u>	<u>10,089.48</u>
Total Net Assets	<u>\$ 19,606.52</u>	<u>\$ 19,606.52</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 8,850.00	\$ 8,850.00
Total Operating Revenues	<u>8,850.00</u>	<u>8,850.00</u>
<b>Operating Expenses:</b>		
Cost of Sales	10,271.68	10,271.68
General Supplies	6,491.00	6,491.00
Depreciation	<u>1,626.18</u>	<u>1,626.18</u>
Total Operating Expenses	<u>18,388.86</u>	<u>18,388.86</u>
Operating (Loss)	<u>(9,538.86)</u>	<u>(9,538.86)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Federal Sources:		
Special Milk Program	8,194.48	8,194.48
Interest and Investment Revenue	<u>33.67</u>	<u>33.67</u>
Total Nonoperating Revenues (Expenses)	<u>8,228.15</u>	<u>8,228.15</u>
Income Before Contributions and Transfers	<u>(1,310.71)</u>	<u>(1,310.71)</u>
Change in Net Assets	(1,310.71)	(1,310.71)
Total Net Assets—Beginning	<u>20,917.23</u>	<u>20,917.23</u>
Total Net Assets—Ending	<u>\$ 19,606.52</u>	<u>\$ 19,606.52</u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 8,850.00	\$ 8,850.00
Payments to Suppliers	<u>(16,762.68)</u>	<u>(16,762.68)</u>
Net Cash (Used for) Operating Activities	<u>(7,912.68)</u>	<u>(7,912.68)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal Sources	<u>7,894.67</u>	<u>7,894.67</u>
Net Cash Provided By Non-capital Financing Activities	<u>7,894.67</u>	<u>7,894.67</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Dividends	<u>33.67</u>	<u>33.67</u>
Net Cash Provided By Investing Activities	<u>33.67</u>	<u>33.67</u>
Net Increase in Cash and Cash Equivalents	15.66	15.66
Balances—Beginning of Year	<u>7,853.46</u>	<u>7,853.46</u>
Balances—End of Year	<u>\$ 7,869.12</u>	<u>\$ 7,869.12</u>
<b>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</b>		
Operating (Loss)	\$ (9,538.86)	\$ (9,538.86)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:		
Depreciation and Net Amortization	<u>1,626.18</u>	<u>1,626.18</u>
Total Adjustments	<u>1,626.18</u>	<u>1,626.18</u>
Net Cash (Used for) Operating Activities	<u>\$ (7,912.68)</u>	<u>\$ (7,912.68)</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	<u>\$ 20,257.16</u>	<u>\$ 16,440.44</u>	<u>\$ 19,412.34</u>
Total Assets	<u>\$ 20,257.16</u>	<u>\$ 16,440.44</u>	<u>\$ 19,412.34</u>
<b>LIABILITIES</b>			
Payable to District			4,163.88
Payable to Student Groups	-	-	<u>15,248.46</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 19,412.34</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 20,257.16</u>		
Reserved for Scholarships		<u>\$ 16,440.44</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2012**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 56,798.49	\$ -
Other	-	1,750.00
Total Contributions	<u>56,798.49</u>	<u>1,750.00</u>
Investment Earnings:		
Interest	97.02	61.48
Net Investment Earnings	<u>97.02</u>	<u>61.48</u>
Total Additions	<u>56,895.51</u>	<u>1,811.48</u>
<b>DEDUCTIONS</b>		
Miscellaneous Expenses		-
Unemployment Claims	84,150.15	
Scholarships Awarded	-	1,000.00
Total Deductions	<u>84,150.15</u>	<u>1,000.00</u>
Change in Net Assets	<u>(27,254.64)</u>	<u>811.48</u>
Net Assets—Beginning	<u>47,511.80</u>	<u>15,628.96</u>
Net Assets—Ending	<u>\$ 20,257.16</u>	<u>\$ 16,440.44</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Ho-Ho-Kus School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

The Borough of Ho-Ho-Kus School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate; tax exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Ho-Ho-Kus. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds.. The nonmajor funds are combined in a column in the fund financial statements.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Fiduciary Fund Types (Continued)

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of prior year encumbrances in the amount of \$42,341.27 were made during the year ended June 30, 2012. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The special revenue fund had no encumbrances at June 30, 2012.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc.. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

H. Fund Balance Reserves

The District elected to implement GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable-includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned- includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2012 the Borough of Ho-Ho-Kus's School District cash and cash equivalent's amounted to \$2,151,481.18. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,901,481.18 by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2012 the Borough of Ho-Ho-Kus School District did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Ho-Ho-Kus School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012, none of the Borough of Ho-Ho-Kus School District's cash and cash equivalents was exposed to custodial credit risk.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Ho-Ho-Kus School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any investments at June 30, 2012.

Interest Rate Risk: The District does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District did not have any investments at June 30, 2012.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. The District did not have any investments at June 30, 2012.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2012, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ 4,163.88	\$75,444.04
Capital Projects Fund	73,726.75	
Enterprise Fund	1,717.29	
Trust and Agency Fund	<u>                    </u>	<u>4,163.88</u>
	<u>\$79,607.92</u>	<u>\$79,607.92</u>

The interfund balance at June 30, 2012 represents \$4,163.88 interest earned in the Payroll and Payroll Agency Accounts and due to the General Fund; \$73,726.75 is the balance due of the 2012 budgeted amount for Transfer to Capital Projects Fund, and \$1,717.29 is the balance of the April and May 2012 Federal Milk Reimbursement.

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures

B. Long – Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Serial Bonds outstanding as of June 30, 2012 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Additions and Renovations to Elementary School	Various	1/1	1/1/29	\$ 3,800,000.00	\$ 2,795,000.00
Additions and Renovations to Elementary School	Various	2/1	2/1/29	<u>6,585,000.00</u>	<u>6,585,000.00</u>
				<u>\$10,385,000.00</u>	<u>\$ 9,380,000.00</u>

Principal and interest due on serial bonds outstanding is as follows:

	Principal	Interest	Total
2013	\$ 170,000.00	\$ 271,299.61	\$ 441,299.61
2014	455,000.00	291,693.76	746,693.76
2015	460,000.00	280,093.76	740,093.76
2016	470,000.00	268,293.76	738,293.76
2017	490,000.00	252,843.76	742,843.76
2018	505,000.00	236,743.76	741,743.76
2019	530,000.00	220,143.76	750,143.76
2020	545,000.00	202,743.76	747,743.76
2021	565,000.00	180,943.76	745,943.76
2022	590,000.00	158,343.76	748,343.76
2023	615,000.00	134,743.76	749,743.76
2024	630,000.00	118,393.76	748,393.76
2025	645,000.00	101,068.76	746,068.76
2026	670,000.00	82,743.76	752,743.76
2027	670,000.00	63,068.76	733,068.76
2028	685,000.00	43,068.76	728,068.76
2029	<u>685,000.00</u>	<u>21,862.50</u>	<u>706,862.50</u>
	<u>\$9,380,000.00</u>	<u>\$2,928,093.51</u>	<u>\$12,308,093.51</u>

2. Bonds Authorized But Not Issued

As of June 30, 2012 the Board had authorized but not issued bonds in the amount of \$656.00.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00
Land Improvements				-
Construction in Progress	<u>147,732.71</u>	<u>73,819.55</u>	<u>-</u>	<u>221,552.26</u>
Total Capital Assets Not Being Depreciated	<u>186,734.71</u>	<u>73,819.55</u>	<u>-</u>	<u>260,554.26</u>
Land Improvements	238,360.00			238,360.00
Buildings and Improvements	18,508,504.00			18,508,504.00
Machinery and Equipment	<u>643,101.41</u>	<u>12,745.60</u>	<u>-</u>	<u>655,847.01</u>
Totals at Historical Cost	<u>19,389,965.41</u>	<u>12,745.60</u>	<u>-</u>	<u>19,402,711.01</u>
Less Accumulated Depreciation for:				
Land Improvements	(202,620.00)	(8,936.00)		(211,556.00)
Buildings and Improvements	(3,545,542.00)	(399,734.00)		(3,945,276.00)
Machinery and Equipment	<u>(421,078.00)</u>	<u>(29,861.00)</u>	<u>-</u>	<u>(450,939.00)</u>
Total Accumulated Depreciation	<u>(4,169,240.00)</u>	<u>(438,531.00)</u> (1)	<u>-</u>	<u>(4,607,771.00)</u>
Net Capital Assets Being Depreciated	<u>15,220,725.41</u>	<u>(425,785.40)</u>	<u>-</u>	<u>14,794,940.01</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,407,460.12</u>	<u>\$ (351,965.85)</u>	<u>\$ -</u>	<u>\$ 15,055,494.27</u>
Business - Type Activities:				
Equipment	\$ 25,792.71	\$ -	\$ -	\$ 25,792.71
Less Accumulated Depreciation	<u>(14,649.49)</u>	<u>(1,626.18)</u>	<u>-</u>	<u>(16,275.67)</u>
Business - Type Activities Capital Assets, Net	<u>\$ 11,143.22</u>	<u>\$ (1,626.18)</u>	<u>\$ -</u>	<u>\$ 9,517.04</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 208,390.71
Student and Instruction Related Services	148,252.58
School Administrative Services	-
Plant Operations and Maintenance	<u>81,887.71</u>
	<u>\$ 438,531.00</u>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note III: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers and computer equipment under operating leases which expire in 2014. Total operating lease payments made during the year ended June 30, 2012 were \$ 31,104.00. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2013	\$ 30,828.00
June 30, 2014	<u>15,000.00</u>
Total future minimum lease payments	<u>\$ 45,828.00</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long - Term Debt:					
Serial Bonds	\$ 10,098,000.00	\$ 6,585,000.00 (1)	\$ (7,303,000.00) (2)	\$ 9,380,000.00	\$ 170,000.00
Total Debt Payable	<u>10,098,000.00</u>	<u>6,585,000.00</u>	<u>(7,303,000.00)</u>	<u>9,380,000.00</u>	<u>170,000.00</u>
Other Liabilities:					
Compensated Absences	66,802.50	20,967.50	(7,910.00)	79,860.00	
Total Other Liabilities	<u>66,802.50</u>	<u>20,967.50</u>	<u>(7,910.00) (3)</u>	<u>79,860.00</u>	<u>-</u>
Governmental Activities					
Long - Term Liabilities	<u>\$ 10,164,802.50</u>	<u>\$ 6,605,967.50</u>	<u>\$ (7,310,910.00)</u>	<u>\$ 9,459,860.00</u>	<u>\$ 170,000.00</u>

(1) Series 2012 School Bonds Issued 3/22/12

(2) \$410,000.00 School Bonds Paid by Debt Service Fund, \$8,593,000.00 Series 2003 School Bonds Defeased.

(3) Paid by General Fund

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The restricted fund balance-excess surplus at June 30, 2012 is \$585,594.94. The reserved fund balance of \$230,115.45 has been appropriated in the fiscal year 2012-2013 and \$355,479.49 will be appropriated in the fiscal year 2013-2014.

B. Capital Reserve Account

A capital reserve account was established by the Borough of Ho-Ho-Kus Board of Education by inclusion of \$1.00 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13 (g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2005 to June 30, 2012 fiscal years is as follows:

Beginning Balance, July 1, 2005	\$ 60,901.00
Budgeted Capital Reserve Increase	95,840.00
Interest earnings	900.00
Interest earnings	2,200.00
Interest earnings	700.00
Budgeted Capital Reserve Increase	157,443.00
Withdrawal from Capital Reserve-Excess Costs	(256,000.00)
Interest earnings	2,170.00
Interest earnings	25.00
2009-2010 Transfer from Undesignated Fund Balance	150,000.00
2010-2011 Interest Earnings	1,713.43
2011-2012 Interest Earnings	1,079.46
Withdrawal from Capital Reserve-Excess Costs	(214,179.00)
2011-2012 Transfer from Undesignated Fund Balance	<u>250,000.00</u>
Ending Balance June 30, 2012	<u>\$ 252,792.89</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$3,168,516.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity (Continued)

C. Maintenance Reserve Account

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities project, districts are required to submit a plan for the maintenance of that facility. As of June 30, 2012, the District has reserved \$350,000.00 for maintenance.

D. Emergency Reserve Account

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent. As of June 30, 2012, the District has reserved \$50,000.00.

Note V: Pension Plans

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note V: Pension Plans (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Description of Systems (Continued)

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

Retirement Benefits

For PERS and TPAF employees who retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 implements changes to the PERS and TPAF. New members of TPAF and PERS hired on or after June 28, 2011 are considered to have Tier 5 membership.

The service retirement age for PERS and TPAF Tier 5 members is increased from age 62 to age 65. These members will need to have at least 30 years of service credit and be age 65 for receipt of early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65

PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note V: Pension Plans (Continued)

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.50 percent for TPAF and PERS and 5.5% for DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. In the DCRP, member contributions are matched by a 3% employer contribution.

Contributions – Actual

The District's total payroll for the year ended June 30, 2012 was \$5,821,978.30 and covered payroll was \$4,404,450.00 for TPAF and \$736,643.00 for PERS. Contributions to the TPAF and the PERS for the last three years ended June 30, 2011 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of Covered <u>Payroll</u>	<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	6/30/10	256,226.57	5.52%	56,098.52	5.54%
	6/30/11	251,462.58	5.54%	48,155.62	5.61%
	6/30/12	289,781.39	6.58%	48,939.74	6.64%
Board of Education	6/30/10			84,582.00	8.35%
	6/30/11			110,525.00	12.8%
	6/30/12			113,243.00	15.3%
State of New Jersey	6/30/10	309,894.00	6.67%		
	6/30/11	323,958.00	7.13%		
	6/30/12	443,441.00	10.06%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$340,380.93 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note VI: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans* are not applicable for the District.

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf).

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Note VII: Risk Management

The District is a member of the Northeast Bergen County Insurance Group (NESBIG). NESBIG is an insured and self-administered workers' compensation liability pool. The District pays an annual assessment to the NESBIG and should it be determined that payments received by the NESBIG are deficient, additional assessments may be levied. Additionally, the NESBIG maintains a contract of excess insurance with a commercial reinsurer to secure the payment of statutory workers' compensation benefits. The District continues to carry commercial insurance coverage for all other risks of loss.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$0.00	\$56,798.49	\$84,150.15	\$20,257.16
2010-2011	0.00	9,201.93	35,182.34	47,511.80
2009-2010	0.00	21,140.48	73,008.85	73,008.85
2008-2009	0.00	8,518.08	10,420.09	85,141.23

Note VIII: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after 15 years of service.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

Note IX: Contingent Liabilities

The Borough of Ho-Ho-Kus School District is a defendant in a few lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note X: Subsequent Events

The Borough of Ho-Ho-Kus School District's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART II**

**SECTION C**  
**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012  
(Concluded)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	\$ 11,432,932.00	\$ -	\$ 11,432,932.00	\$ 11,432,932.00	\$ -	
Tuition	306,500.00	-	306,500.00	449,339.00	142,839.00	
Interest Earned on Capital Reserve Funds	20.00	-	20.00	1,079.46	1,059.46	
Miscellaneous	<u>35,000.00</u>	<u>-</u>	<u>35,000.00</u>	<u>122,902.96</u>	<u>87,902.96</u>	
Total - Local Sources	<u>11,774,452.00</u>	<u>-</u>	<u>11,774,452.00</u>	<u>12,006,253.42</u>	<u>231,801.42</u>	
State Sources:						
Categorical Special Education Aid	224,148.00	122,360.00	346,508.00	346,508.00	-	
Anti-Bullying Bill of Rights Act	-	-	-	244.00	244.00	
Extraordinary Aid	40,000.00	-	40,000.00	48,237.00	8,237.00	
Non-Public Transportation Aid	-	-	-	5,822.80	5,822.80	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	443,441.00	443,441.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,380.93</u>	<u>340,380.93</u>	
Total State Sources	<u>264,148.00</u>	<u>122,360.00</u>	<u>386,508.00</u>	<u>1,184,633.73</u>	<u>796,125.73</u>	
Federal Sources:						
Education Jobs Fund	-	740.00	740.00	740.00	-	
Total - Federal Sources	<u>-</u>	<u>740.00</u>	<u>740.00</u>	<u>740.00</u>	<u>-</u>	
<b>Total Revenues</b>	<u>12,038,600.00</u>	<u>123,100.00</u>	<u>12,161,700.00</u>	<u>13,191,627.15</u>	<u>1,029,927.15</u>	
<b>EXPENDITURES:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction</b>						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 173,496.00	\$ 839.46	\$ 174,335.46	\$ 173,661.00	\$ 674.46
Grades 1-5 - Salaries of Teachers	120-100-101	1,543,806.00	(20,107.52)	1,523,698.48	1,523,698.48	-
Grades 6-8 - Salaries of Teachers	130-100-101	1,180,288.00	(3,148.50)	1,177,139.50	1,177,139.50	-
<b>Regular Programs - Undistributed Instruction</b>						
Other Salaries for Instruction	190-100-106	-	15,600.00	15,600.00	15,600.00	-
Purchased Professional-Educational Services	190-100-320	2,000.00	(2,000.00)	-	-	-
Purchased Technical Services	190-100-340	65,000.00	(4,002.25)	60,997.75	60,997.75	-
Other Purchased Services (400-500 series)	190-100-500	33,750.00	(1,120.65)	32,629.35	32,577.85	51.50
General Supplies	190-100-610	111,756.00	105,778.00	217,534.00	187,241.78	30,292.22
Textbooks	190-100-640	20,000.00	(20,000.00)	-	-	-
Other Objects	190-100-800	1,000.00	(693.50)	306.50	306.50	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>		<u>3,131,096.00</u>	<u>71,145.04</u>	<u>3,202,241.04</u>	<u>3,171,222.86</u>	<u>31,018.18</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>						
<b>Multiple Disabilities:</b>						
Salaries of Teachers	212-100-101	87,529.00	6,582.37	94,111.37	94,111.37	-
Other Salaries for Instruction	212-100-106	157,444.00	(49,114.83)	108,329.17	103,866.08	4,463.09
Purchased Professional-Educational Services	212-100-320	90,000.00	(5,712.43)	84,287.57	46,538.47	37,649.10
General Supplies	212-100-610	1,000.00	-	1,000.00	363.67	636.33
<b>Total Multiple Disabilities</b>		<u>335,973.00</u>	<u>(48,244.89)</u>	<u>287,728.11</u>	<u>244,979.59</u>	<u>42,748.52</u>
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	213-100-101	340,621.00	(889.55)	339,731.45	334,451.76	5,279.69
Other Salaries for Instruction	213-100-106	19,302.00	-	19,302.00	19,300.00	2.00
<b>Total Resource Room/Resource Center</b>		<u>359,923.00</u>	<u>(889.55)</u>	<u>359,033.45</u>	<u>353,751.76</u>	<u>5,281.69</u>
<b>Preschool Disabilities - Part-Time:</b>						
Salaries of Teachers	215-100-101	116,318.00	889.55	117,207.55	116,675.59	531.96
Other Salaries for Instruction	215-100-106	19,301.00	-	19,301.00	19,300.00	1.00
General Supplies	215-100-610	500.00	218.26	718.26	224.01	494.25
<b>Total Preschool Disabilities - Part-Time</b>		<u>136,119.00</u>	<u>1,107.81</u>	<u>137,226.81</u>	<u>136,199.60</u>	<u>1,027.21</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>		<u>832,015.00</u>	<u>(48,026.63)</u>	<u>783,988.37</u>	<u>734,930.95</u>	<u>49,057.42</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012  
(Continued)**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	230-100-101	\$ 274,716.00	\$ 24,732.00	\$ 299,448.00	\$ 299,448.00	\$ -
<b>Total Basic Skills/Remedial - Instruction</b>		<u>274,716.00</u>	<u>24,732.00</u>	<u>299,448.00</u>	<u>299,448.00</u>	<u>-</u>
<b>Bilingual Education - Instruction</b>						
Salaries of Teachers	240-100-101	<u>10,000.00</u>	<u>(10,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Bilingual Education - Instruction</b>		<u>10,000.00</u>	<u>(10,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>						
Salaries	401-100-100	20,666.00	(791.05)	19,874.95	16,487.00	3,387.95
Supplies and Materials	401-100-600	3,100.00	2,061.28	5,161.28	5,161.28	-
Other Objects	401-100-800	400.00	-	400.00	150.00	250.00
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>		<u>24,166.00</u>	<u>1,270.23</u>	<u>25,436.23</u>	<u>21,798.28</u>	<u>3,637.95</u>
<b>Other Instructional Programs - Instruction</b>						
Salaries	402-100-100	19,274.00	(1,270.23)	18,003.77	15,392.00	2,611.77
Purchased Services (300-500 series)	402-100-500	6,000.00	-	6,000.00	4,744.00	1,256.00
Supplies and Materials	402-100-600	1,500.00	-	1,500.00	424.00	1,076.00
Other Objects	402-100-800	750.00	-	750.00	437.25	312.75
<b>Total Other Instructional Programs - Instruction</b>		<u>27,524.00</u>	<u>(1,270.23)</u>	<u>26,253.77</u>	<u>20,997.25</u>	<u>5,256.52</u>
<b>Total Instruction</b>		<u>4,299,517.00</u>	<u>37,850.41</u>	<u>4,337,367.41</u>	<u>4,248,397.34</u>	<u>88,970.07</u>
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Other LEAs Within the State - Regular	000-100-561	2,905,827.00	(31,244.00)	2,874,583.00	2,792,837.29	81,745.71
Tuition to Other LEAs Within the State - Special	000-100-562	9,100.00	-	9,100.00	7,276.41	1,823.59
Tuition to County Voc. School Dist. - Regular	000-100-563	96,840.00	2,900.00	99,740.00	99,740.00	-
Tuition to CSSD & Regional Day Schools	000-100-565	-	3,344.00	3,344.00	3,344.00	-
Tuition to Private Schools for the Disabled - Within State	000-100-566	204,390.00	10,000.00	214,390.00	163,614.30	50,775.70
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	000-100-567	100,000.00	-	100,000.00	47,254.52	52,745.48
<b>Total Undistributed Expenditures - Instruction:</b>		<u>3,316,157.00</u>	<u>(15,000.00)</u>	<u>3,301,157.00</u>	<u>3,114,066.52</u>	<u>187,090.48</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>						
Salaries	000-211-100	4,267.00	200.36	4,467.36	4,467.36	-
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>		<u>4,267.00</u>	<u>200.36</u>	<u>4,467.36</u>	<u>4,467.36</u>	<u>-</u>
<b>Undist. Expend. - Health Services</b>						
Salaries	000-213-100	78,952.00	3,323.90	82,275.90	82,275.90	-
Purchased Professional and Technical Services	000-213-300	3,000.00	(195.00)	2,805.00	1,616.00	1,189.00
Supplies and Materials	000-213-600	2,500.00	(45.72)	2,454.28	1,775.00	679.28
<b>Total Undistributed Expenditures - Health Services</b>		<u>84,452.00</u>	<u>3,083.18</u>	<u>87,535.18</u>	<u>85,666.90</u>	<u>1,868.28</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>						
Salaries of Other Professional Staff	000-216-100	152,291.00	(50.30)	152,240.70	151,594.80	645.90
Purchased Professional - Educational Services	000-216-320	35,000.00	-	35,000.00	25,701.00	9,299.00
Supplies and Materials	000-216-600	1,650.00	95.50	1,745.50	1,694.71	50.79
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>		<u>188,941.00</u>	<u>45.20</u>	<u>188,986.20</u>	<u>178,990.51</u>	<u>9,995.69</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>						
Salaries of Other Professional Staff	000-217-100	163,106.00	1,044.00	164,150.00	163,750.00	400.00
Supplies and Materials	000-217-600	3,000.00	(313.76)	2,686.24	-	2,686.24
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>		<u>166,106.00</u>	<u>730.24</u>	<u>166,836.24</u>	<u>163,750.00</u>	<u>3,086.24</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Reg.</b>						
Salaries of Other Professional Staff	000-218-104	64,652.00	3,563.53	68,215.53	68,215.53	-
Supplies and Materials	000-218-600	2,694.00	(12.67)	2,681.33	2,669.12	12.21
<b>Total Undist. Expend. - Other Supp. Serv. Students-Reg.</b>		<u>67,346.00</u>	<u>3,550.86</u>	<u>70,896.86</u>	<u>70,884.65</u>	<u>12.21</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Special</b>						
Salaries of Other Professional Staff	000-219-104	259,912.00	(6,041.12)	253,870.88	253,870.88	-
Salaries of Secretarial and Clerical Assistants	000-219-105	45,000.00	(1,148.00)	43,852.00	43,851.96	0.04
Purchased Professional - Educational Services	000-219-320	4,200.00	21,059.68	25,259.68	20,480.00	4,779.68
Other Purchased Prof. and Tech. Services	000-219-390	8,700.00	14,572.25	23,272.25	23,272.25	-
Residential Costs	000-219-591	40,000.00	(40,000.00)	-	-	-
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	3,581.00	(758.13)	2,822.87	2,822.87	-
Supplies and Materials	000-219-600	2,625.00	(386.15)	2,238.85	1,955.90	282.95
<b>Total Undist. Expend. - Other Supp. Serv. Students-Spl.</b>		<u>364,018.00</u>	<u>(12,701.47)</u>	<u>351,316.53</u>	<u>346,253.86</u>	<u>5,062.67</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>						
Purchased Prof- Educational Services	000-221-320	44,028.00	-	44,028.00	31,464.00	12,564.00
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>		<u>44,028.00</u>	<u>-</u>	<u>44,028.00</u>	<u>31,464.00</u>	<u>12,564.00</u>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>						
Salaries	000-222-100	89,581.00	7,183.63	96,764.63	96,122.99	641.64
Supplies and Materials	000-222-600	7,000.00	(2,554.87)	4,445.13	4,308.14	136.99
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>		<u>96,581.00</u>	<u>4,628.76</u>	<u>101,209.76</u>	<u>100,431.13</u>	<u>778.63</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012  
(Continued)**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Salaries of Other Professional Staff	000-223-104	32,500.00	(3,284.33)	29,215.67	29,215.67	-
Other Purchased Services (400-500 series)	000-223-500	10,000.00	-	10,000.00	6,809.50	3,190.50
Supplies and Materials	000-223-600	800.00	1,010.44	1,810.44	1,810.44	-
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>		<u>43,300.00</u>	<u>(2,273.89)</u>	<u>41,026.11</u>	<u>37,835.61</u>	<u>3,190.50</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>						
Salaries	000-230-100	244,545.00	2,487.00	247,032.00	247,032.00	-
Legal Services	000-230-331	39,000.00	-	39,000.00	17,551.53	21,448.47
Audit Fees	000-230-332	15,000.00	14,500.00	29,500.00	14,400.00	15,100.00
Purchased Technical Services	000-230-340	10,500.00	(4,430.48)	6,069.52	1,514.52	4,555.00
Communications/Telephone	000-230-530	37,536.00	15,739.35	53,275.35	51,265.36	2,009.99
BOE Other Purchased Services	000-230-585	1,000.00	(200.00)	800.00	329.44	470.56
Other Purchased Services (400-500 series)	000-230-590	16,000.00	25,091.13	41,091.13	8,059.80	33,031.33
General Supplies	000-230-610	1,250.00	(250.00)	1,000.00	420.22	579.78
BOE In-House Training/Meeting Supplies	000-230-630	-	250.00	250.00	114.97	135.03
Miscellaneous Expenditures	000-230-890	25,000.00	-	25,000.00	18,994.28	6,005.72
BOE Membership Dues and Fees	000-230-895	7,100.00	-	7,100.00	6,519.85	580.15
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>		<u>396,931.00</u>	<u>53,187.00</u>	<u>450,118.00</u>	<u>366,201.97</u>	<u>83,916.03</u>
<b>Undist. Expend. - Support Serv. - School Admin.</b>						
Salaries of Principals/Assistant Principals	000-240-103	187,565.00	4,737.17	192,302.17	162,049.99	30,252.18
Salaries of Secretarial and Clerical Assistants	000-240-105	62,000.00	1,995.38	63,995.38	63,661.16	334.22
Supplies and Materials	000-240-600	7,500.00	245.82	7,745.82	7,745.82	-
Other Objects	000-240-800	5,025.00	-	5,025.00	4,911.80	113.20
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<u>262,090.00</u>	<u>6,978.37</u>	<u>269,068.37</u>	<u>238,368.77</u>	<u>30,699.60</u>
<b>Undist. Expend.- Central Services</b>						
Salaries	000-251-100	155,129.00	(34,029.68)	121,099.32	121,099.32	-
Purchased Professional Services	000-251-330	18,400.00	9,784.62	28,184.62	28,184.62	-
Purchased Technical Services	000-251-340	-	28,386.00	28,386.00	28,026.50	359.50
Supplies and Materials	000-251-600	2,500.00	(360.00)	2,140.00	1,429.13	710.87
Other Objects	000-251-890	-	8,072.17	8,072.17	1,562.48	6,509.69
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<u>176,029.00</u>	<u>11,853.11</u>	<u>187,882.11</u>	<u>180,302.05</u>	<u>7,580.06</u>
<b>Undist. Expend.- Admin. Info. Technology</b>						
Purchased Professional Services	000-252-330	-	40,618.21	40,618.21	40,618.21	-
<b>Total Undist. Expend. - Admin. Info Technology</b>		<u>-</u>	<u>40,618.21</u>	<u>40,618.21</u>	<u>40,618.21</u>	<u>-</u>
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>						
Salaries	000-261-100	58,401.00	2,569.41	60,970.41	58,073.24	2,897.17
Cleaning, Repair and Maintenance Services	000-261-420	40,000.00	112,065.29	152,065.29	125,960.29	26,105.00
General Supplies	000-261-610	13,500.00	1,209.87	14,709.87	14,709.87	-
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>		<u>111,901.00</u>	<u>115,844.57</u>	<u>227,745.57</u>	<u>198,743.40</u>	<u>29,002.17</u>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>						
Salaries	000-262-100	244,000.00	(1,821.19)	242,178.81	242,178.81	-
Purchased Professional and Technical Services	000-262-300	2,500.00	-	2,500.00	1,632.00	868.00
Cleaning, Repair and Maintenance Services	000-262-420	30,000.00	(860.01)	29,139.99	27,705.99	1,434.00
Other Purchased Property Services	000-262-490	6,100.00	7,711.53	13,811.53	13,811.53	-
Insurance	000-262-520	57,153.00	(4,568.77)	52,584.23	52,236.00	348.23
General Supplies	000-262-610	42,500.00	1,023.79	43,523.79	41,465.04	2,058.75
Energy (Energy and Electricity)	000-262-620	178,000.00	(7,725.69)	170,274.31	165,488.00	4,786.31
Energy (Natural Gas)	000-262-621	55,000.00	(55,000.00)	-	-	-
Other Objects	000-262-800	1,500.00	(438.35)	1,061.65	694.00	367.65
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>		<u>616,753.00</u>	<u>(61,678.69)</u>	<u>555,074.31</u>	<u>545,211.37</u>	<u>9,862.94</u>
<b>Care and Upkeep of Grounds</b>						
Salaries	000-263-100	27,000.00	(5,086.94)	21,913.06	17,050.46	4,862.60
Cleaning, Repair and Maintenance Services	000-263-420	9,900.00	17,446.98	27,348.98	14,079.98	13,269.00
General Supplies	000-263-610	8,500.00	(4,060.27)	4,439.73	3,452.84	986.89
<b>Total Care and Upkeep of Grounds</b>		<u>45,400.00</u>	<u>8,301.77</u>	<u>53,701.77</u>	<u>34,583.28</u>	<u>19,118.49</u>
<b>Undist. Expend. - Student Transportation Serv.</b>						
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	7,556.00	(7,160.00)	396.00	-	396.00
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	8,710.00	(139.17)	8,570.83	125.00	8,445.83
Management Fees - ESC & CTSA Transportation Programs	000-270-350	4,459.00	-	4,459.00	-	4,459.00
Other Purchased Professional and Technical Services	000-270-390	550.00	-	550.00	170.00	380.00
Cleaning, Repair and Maintenance Services	000-270-420	350.00	3,391.55	3,741.55	3,741.55	-
Contracted Services-Aid in Lieu of Payments-Non Public School	000-270-503	5,500.00	-	5,500.00	4,580.25	919.75
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	175,000.00	(7,711.53)	167,288.47	158,352.16	8,936.31
Contracted Services (Regular Students) - ESCs	000-270-517	79,136.00	(13,904.00)	65,232.00	25,140.36	40,091.64
Contracted Services (Special Education Students) - ESCs	000-270-518	31,990.00	(1,691.42)	30,298.58	25,095.70	5,202.88
Supplies and Materials	000-270-600	475.00	-	475.00	4.49	470.51
Miscellaneous Expenditures	000-270-800	250.00	-	250.00	161.30	88.70
<b>Total Undist. Expend. - Student Transportation Serv.</b>		<u>313,976.00</u>	<u>(27,214.57)</u>	<u>286,761.43</u>	<u>217,370.81</u>	<u>69,390.62</u>
<b>Undist. Expend. - Business and Other Support Serv.</b>						
Other Purchased Services (400-500 series)	000-290-592	-	1,500.00	1,500.00	-	1,500.00
<b>Total Undist. Expend. - Business and Other Support Serv.</b>		<u>-</u>	<u>1,500.00</u>	<u>1,500.00</u>	<u>-</u>	<u>1,500.00</u>
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	000-291-220	131,570.00	(989.00)	130,581.00	93,807.21	36,773.79
Other Retirement Contributions - Regular	000-291-241	123,788.00	-	123,788.00	114,566.95	9,221.05
Workmen's Compensation	000-291-260	103,566.00	-	103,566.00	92,200.00	11,366.00
Health Benefits	000-291-270	1,274,990.00	(23,567.36)	1,251,422.64	1,141,663.74	109,758.90
Other Employee Benefits	000-291-290	23,919.00	7,618.74	31,537.74	31,259.74	278.00
<b>TOTAL UNALLOCATED BENEFITS</b>		<u>1,657,833.00</u>	<u>(16,937.62)</u>	<u>1,640,895.38</u>	<u>1,473,497.64</u>	<u>167,397.74</u>
On-behalf TPAF pension Contributions (non-budgeted)		-	-	-	443,441.00	(443,441.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	340,380.93	(340,380.93)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>783,821.93</u>	<u>(783,821.93)</u>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012  
(Concluded)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,657,833.00	(16,937.62)	1,640,895.38	2,257,319.57	(616,424.19)
TOTAL UNDISTRIBUTED EXPENDITURES	7,956,109.00	114,715.39	8,070,824.39	8,212,529.97	(141,705.58)
TOTAL GENERAL CURRENT EXPENSE	12,255,626.00	152,565.80	12,408,191.80	12,460,927.31	(52,735.51)
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures - Required Maint. For School Facilities	000-261-730	-	30,362.35	30,362.35	-
<b>Total Equipment</b>		-	30,362.35	30,362.35	-
<b>Facilities Acquisition and Construction Services</b>					
Other Objects	000-400-800	21,741.00	-	21,741.00	-
<b>Total Facilities Acquisition and Construction Services</b>		21,741.00	-	21,741.00	-
<b>TOTAL CAPITAL OUTLAY</b>		21,741.00	30,362.35	52,103.35	-
<b>TOTAL EXPENDITURES</b>	12,277,367.00	182,928.15	12,460,295.15	12,513,030.66	(52,735.51)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(238,787.00)	(59,828.15)	(298,595.15)	678,596.49	977,191.64
<b>Other Financing Sources:</b>					
<b>Operating Transfer Out:</b>					
Transfer to Capital Reserve	(214,179.00)	-	(214,179.00)	(214,177.20)	1.80
<b>Total Other Financing Sources:</b>	(214,179.00)	-	(214,179.00)	(214,177.20)	1.80
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(452,946.00)	(59,828.15)	(512,774.15)	464,419.29	977,193.44
<b>Fund Balance, July 1</b>	1,181,238.85	-	1,181,238.85	1,181,238.85	-
<b>Fund Balance, June 30</b>	\$ 728,292.85	\$ (59,828.15)	\$ 668,464.70	\$ 1,645,658.14	\$ 977,193.44
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>					
Increase in Capital Reserve	\$ 20.00	\$ -	\$ 20.00	\$ 1,079.46	\$ 1,059.46
Appropriation of Additional Fund Balance		(17,486.88)	(17,486.88)		17,486.88
Withdrawal from Capital Reserve	(214,179.00)		(214,179.00)	-	214,179.00
Adjustment for Prior Year Encumbrances	-	(42,341.27)	(42,341.27)	(42,341.27)	-
Budgeted Fund Balance	(238,787.00)	-	(238,787.00)	505,681.10	744,468.10
<b>Total</b>	\$ (452,946.00)	\$ (59,828.15)	\$ (512,774.15)	\$ 464,419.29	\$ 977,193.44
<b>Recapitulation of Fund Balance June 30, 2012:</b>					
<b>Restricted Fund Balance:</b>				\$ 252,792.89	
Capital Reserve Account				350,000.00	
Maintenance Reserve				50,000.00	
Emergency Reserve				230,115.45	
Excess Surplus - Designated for Subsequent Year's Expenditures				355,479.49	
Excess Surplus-Current Year					
<b>Assigned Fund Balance:</b>				51,823.55	
Designated for Subsequent Year's Expenditures				91,386.96	
Year-End Encumbrances				264,059.80	
<b>Unassigned Fund Balance</b>				\$ 1,645,658.14	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance June 30, 2012				\$ 1,645,658.14	
Last Current Year State Aid Payment Not Realized on GAAP Basis				(32,477.00)	
				\$ 1,613,181.14	

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**EDUCATION JOBS FUND PROGRAM**  
**Budget and Actual**  
**Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources:					
Education Jobs Fund	\$ -	\$ 740.00	\$ 740.00	\$ 740.00	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>740.00</u>	<u>740.00</u>	<u>740.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Grades 6-8 - Salaries of Teachers	-	740.00	740.00	740.00	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>-</u>	<u>740.00</u>	<u>740.00</u>	<u>740.00</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 740.00</u>	<u>\$ 740.00</u>	<u>\$ 740.00</u>	<u>\$ -</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2012**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 159,000.00	\$ 21,371.00	\$ 180,371.00	\$ 180,371.00	\$ -
Local Sources	<u>30,000.00</u>	<u>174,761.91</u>	<u>204,761.91</u>	<u>64,281.31</u>	<u>140,480.60</u>
<b>Total Revenues</b>	<u>189,000.00</u>	<u>196,132.91</u>	<u>385,132.91</u>	<u>244,652.31</u>	<u>140,480.60</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	30,000.00	(3,428.00)	26,572.00	26,572.00	-
Other Purchased Services (400-500 series)	-	162,506.00	162,506.00	162,506.00	-
General Supplies	<u>-</u>	<u>158,606.91</u>	<u>158,606.91</u>	<u>18,126.31</u>	<u>140,480.60</u>
<b>Total Instruction</b>	<u>30,000.00</u>	<u>317,684.91</u>	<u>347,684.91</u>	<u>207,204.31</u>	<u>140,480.60</u>
<b>Support Services</b>					
Personal Services - Salaries		21,490.00	21,490.00	21,490.00	-
Personal Services - Employee Benefits		-	-	-	-
Purchased Professional and Technical Services	9,000.00	2,783.00	11,783.00	11,783.00	-
Purchased Professional - Educational Services	-	4,175.00	4,175.00	4,175.00	-
Other Purchased Services (400-500 series)	<u>150,000.00</u>	<u>(150,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Support Services</b>	<u>159,000.00</u>	<u>(121,552.00)</u>	<u>37,448.00</u>	<u>37,448.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>189,000.00</u>	<u>196,132.91</u>	<u>385,132.91</u>	<u>244,652.31</u>	<u>140,480.60</u>
<b>Total Outflows</b>	<u>\$ 189,000.00</u>	<u>\$ 196,132.91</u>	<u>\$ 385,132.91</u>	<u>\$ 244,652.31</u>	<u>\$ 140,480.60</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Fiscal Year Ended**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1 & C-2]	\$ 13,191,627.15	\$ 244,652.31
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		(31,635.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	995.95
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 13,159,992.15	\$ 245,648.26
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1 & C-2]	\$ 12,513,030.66	\$ 244,652.31
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		-	995.95
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 12,513,030.66	\$ 245,648.26

**OTHER SUPPLEMENTARY INFORMATION**

**SECTION D**  
**SCHOOL LEVEL SCHEDULES**

**SECTION E**  
**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012**

	<u>Total</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>			
State Sources	\$ -	\$ -	\$ -
Federal Sources	180,371.00	180,371.00	-
Local Sources	<u>64,281.31</u>	<u>-</u>	<u>64,281.31</u>
<b>Total Revenues</b>	<u>244,652.31</u>	<u>180,371.00</u>	<u>64,281.31</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Personal Services - Salaries	100-100 26,572.00	-	26,572.00
Other Purchased Services (400-500 series)	100-500 162,506.00	162,506.00	-
General Supplies	100-600 <u>18,126.31</u>	<u>1,907.00</u>	<u>16,219.31</u>
<b>Total Instruction</b>	<u>207,204.31</u>	<u>164,413.00</u>	<u>42,791.31</u>
<b>Support Services:</b>			
Personal Services - Salaries	200-100 21,490.00	-	21,490.00
Purchased Professional and Technical Services	200-300 11,783.00	11,783.00	-
Purchased Professional - Educational Services	200-320 <u>4,175.00</u>	<u>4,175.00</u>	<u>-</u>
<b>Total Support Services</b>	<u>37,448.00</u>	<u>15,958.00</u>	<u>21,490.00</u>
<b>Total Expenditures</b>	<u>\$ 244,652.31</u>	<u>\$ 180,371.00</u>	<u>\$ 64,281.31</u>

BOARD OF EDUCATION  
 BOROUGH OF HO-HO-KUS  
 Special Revenue Fund

Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2012

	Total	N.C.L.B.		I.D.E.A. Part B	
		Title II	Basic	Basic	Preschool
<b>REVENUES</b>					
Federal Sources	\$ 180,371.00	\$ 13,069.00	\$ 162,506.00	\$ 162,506.00	\$ 4,796.00
<b>Total Federal Revenues</b>	<u>180,371.00</u>	<u>13,069.00</u>	<u>162,506.00</u>	<u>162,506.00</u>	<u>4,796.00</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Other Purchased Services (400-500 series)	162,506.00		162,506.00		
General Supplies	1,907.00		-		1,907.00
<b>Total Instruction</b>	<u>164,413.00</u>		<u>162,506.00</u>		<u>1,907.00</u>
<b>Support Services:</b>					
Purchased Professional and Technical Services	11,783.00	8,894.00	-	-	2,889.00
Purchased Professional - Educational Services	4,175.00	4,175.00	-	-	-
<b>Total Support Services</b>	<u>15,958.00</u>	<u>13,069.00</u>	<u>-</u>	<u>-</u>	<u>2,889.00</u>
<b>Total Expenditures</b>	<u>\$ 180,371.00</u>	<u>\$ 13,069.00</u>	<u>\$ 162,506.00</u>	<u>\$ 162,506.00</u>	<u>\$ 4,796.00</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Special Revenue Fund  
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012**

		<u>Total</u>	<u>Local</u>
<b>REVENUES</b>			
Local Sources		\$ 64,281.31	\$ 64,281.31
<b>Total Local Revenues</b>		<u>64,281.31</u>	<u>64,281.31</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Personal Services - Salaries	100-100	26,572.00	26,572.00
General Supplies	100-600	<u>16,219.31</u>	<u>16,219.31</u>
<b>Total Instruction</b>		<u>42,791.31</u>	<u>42,791.31</u>
<b>Support Services:</b>			
Personal Services - Salaries	200-100	<u>21,490.00</u>	<u>21,490.00</u>
<b>Total Support Services</b>		<u>21,490.00</u>	<u>21,490.00</u>
 <b>Total Expenditures</b>		 <u>\$ 64,281.31</u>	 <u>\$ 64,281.31</u>

**SECTION F**  
**CAPITAL PROJECTS FUND**

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
 Capital Projects Fund  
**Summary Schedule of Project Expenditures**  
**For the Year Ended June 30, 2012**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Partial Re-roofing, Folding Partition, and Lighting Replacement in Gym	5/18/2011	\$ 356,962.00	\$ -	\$ 166,416.80	\$ 190,545.20
		<u>\$ 356,962.00</u>	<u>\$ -</u>	<u>\$ 166,416.80</u>	<u>\$ 190,545.20</u>
				Fund Balance	<u>\$ 190,545.20</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Year Ended June 30, 2012**

**REVENUES AND OTHER FINANCING SOURCES**

State Sources - SCC Grant	\$ 142,784.80
Transfer from Capital Reserve	<u>214,177.20</u>
Total Revenues	<u>356,962.00</u>

**EXPENDITURES AND OTHER FINANCING USES**

Other Purchased Professional and Technical Services (390)	3,631.35
Construction Services (450)	162,785.45
Other Objects (800)	<u>-</u>
Total Expenditures	<u>166,416.80</u>

Excess (deficiency) of revenues over (under) expenditures	\$ 190,545.20
Fund Balance - July 1	<u>-</u>
Fund Balance - June 30	<u>\$ 190,545.20</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Partial Re-roofing, Folding Partition, and Lighting Replacement in Gym**  
**From Inception and for the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ -	\$ 142,784.80	\$ 142,784.80	\$ -
Transfer from Capital Reserve	-	<u>214,177.20</u>	<u>214,177.20</u>	-
Total Revenues	-	<u>\$ 356,962.00</u>	<u>\$ 356,962.00</u>	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services (390)		\$ 3,631.35	\$ 3,631.35	-
Construction Services (450)	-	<u>\$ 162,785.45</u>	<u>\$ 162,785.45</u>	-
Total Expenditures	-	<u>\$ 166,416.80</u>	<u>\$ 166,416.80</u>	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	<u>\$ 190,545.20</u>	<u>\$ 190,545.20</u>	\$ -
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	2200-050-10-G0HV			
Grant Date	5/18/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$356,962.00			
Revised Authorized Cost	\$356,962.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	46.62%			
Original Target Completion Date	9/1/07			
Revised Target Completion Date	9/1/07			

**SECTION G**  
**PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**INTERNAL SERVICE FUND**

**SECTION H**  
**FIDUCIARY FUND**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2012**

<u>Schools</u>	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Elementary Schools:				
Ho-Ho-Kus Elementary	\$ 7,891.09	\$ 59,219.12	\$ 58,857.89	\$ 8,252.32
Athletic Account	0.40	5,171.00	5,171.00	0.40
Sunshine Account	988.70	5,070.03	5,261.48	797.25
Bergen Brain Busters	2,126.51	850.00	2,859.50	117.01
Library	<u>5,108.41</u>	<u>10,628.12</u>	<u>9,655.05</u>	<u>6,081.48</u>
	<u>\$ 16,115.11</u>	<u>\$ 80,938.27</u>	<u>\$ 81,804.92</u>	<u>\$ 15,248.46</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Payroll Deductions and Withholdings	\$ -	\$ 5,770,616.46	\$ 5,770,616.46	\$ -
Net Salaries and Wages	-	3,818,327.60	3,818,327.60	-
Interfund Accounts Payable	-	4,163.88	-	4,163.88
	<u>\$ -</u>	<u>\$ 9,593,107.94</u>	<u>\$ 9,588,944.06</u>	<u>\$ 4,163.88</u>

**SECTION I**  
**LONG – TERM DEBT**



**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$755,778.00	\$ -	\$755,778.00	\$755,778.00	\$ -
State Sources:					
Debt Service Aid Type II	69,123.00	-	69,123.00	69,123.00	-
Total - State Sources	69,123.00	-	69,123.00	69,123.00	-
<b>Total Revenues</b>	<u>824,901.00</u>	<u>-</u>	<u>824,901.00</u>	<u>824,901.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	414,901.00	-	414,901.00	414,900.02	(0.98)
Redemption of Principal	410,000.00	-	410,000.00	410,000.00	-
Total Regular Debt Service	824,901.00	-	824,901.00	824,900.02	(0.98)
<b>Total Expenditures</b>	<u>824,901.00</u>	<u>-</u>	<u>824,901.00</u>	<u>824,900.02</u>	<u>(0.98)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.98	0.98
Fund Balance, July 1	0.31	-	0.31	0.31	-
Fund Balance, June 30	<u>\$ 0.31</u>	<u>\$ -</u>	<u>\$ 0.31</u>	<u>\$ 1.29</u>	<u>\$ 0.98</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.98</u>	<u>\$ 0.98</u>

## STATISTICAL SECTION (Unaudited)

### Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
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### Revenue Capacity

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### Debt Capacity

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### Demographic and Economic Information

J-14	Demographic and Economic Statistics
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J-19	Schedule of Required Maintenance for School Facilities
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Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2004.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Net Assets by Component  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>									
Invested in Capital Assets, Net of Related Debt	\$ 5,675,494.27	\$ 5,309,460.12	\$ 5,345,758.12	\$ 5,374,590.77	\$ 5,445,691.77	\$ 5,359,727.15	\$ 5,198,972.47	\$ 26,167.33	\$ (6,856,572.01)
Restricted	1,539,574.03	877,136.46	396,077.58	298,683.35	309,018.66	451,701.20	368,381.75	5,439,418.89	12,007,075.61
Unrestricted	40,212.71	53,817.05	132,090.50	211,558.39	171,141.10	160,032.30	133,377.24	93,573.40	168,146.58
Total Governmental Activities Net Assets	\$ 7,255,281.01	\$ 6,240,413.63	\$ 5,873,926.20	\$ 5,884,832.51	\$ 5,925,851.53	\$ 5,971,460.65	\$ 5,700,731.46	\$ 5,559,159.62	\$ 5,318,650.18
<b>Business-Type Activities</b>									
Invested in Capital Assets, Net of Related Debt	\$ 9,517.04	\$ 11,143.22	\$ 12,926.49	\$ 14,925.47	\$ 8,086.50	\$ 4,040.47	\$ 4,844.94	\$ 5,649.41	\$ 6,453.88
Restricted	10,089.48	9,774.01	7,476.39	2,522.06	4,853.75	4,465.66	4,214.22	4,464.78	2,511.96
Unrestricted	\$ 19,606.52	\$ 20,917.23	\$ 20,402.88	\$ 17,447.53	\$ 12,940.25	\$ 8,506.13	\$ 9,059.16	\$ 10,114.19	\$ 8,965.84
Total Business-Type Activities Net Assets									
<b>District-Wide</b>									
Invested in Capital Assets, Net of Related Debt	\$ 5,685,011.31	\$ 5,320,603.34	\$ 5,358,684.61	\$ 5,389,516.24	\$ 5,453,778.27	\$ 5,363,767.62	\$ 5,203,817.41	\$ 31,816.74	\$ (6,850,118.13)
Restricted	1,539,574.03	877,136.46	396,077.58	298,683.35	309,018.66	451,701.20	368,381.75	5,439,418.89	12,007,075.61
Unrestricted	50,302.19	63,591.06	139,566.89	214,080.45	175,994.85	164,497.96	137,591.46	98,038.18	170,658.54
Total District Net Assets	\$ 7,274,887.53	\$ 6,261,330.86	\$ 5,894,329.08	\$ 5,902,280.04	\$ 5,938,791.78	\$ 5,979,966.78	\$ 5,709,790.62	\$ 5,569,273.81	\$ 5,327,616.02

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Changes in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>									
Governmental Activities									
Instruction									
Regular	\$ 4,573,681.73	\$ 4,574,260.43	\$ 4,558,253.05	\$ 4,268,097.44	\$ 4,430,728.61	\$ 4,124,101.68	\$ 4,064,180.16	\$ 3,776,281.10	\$ 3,409,900.70
Special Education	1,171,923.93	1,306,080.16	1,340,177.40	1,265,672.79	1,205,023.52	1,157,914.89	977,391.11	449,742.03	411,974.48
School Sponsored/Other Instructional	473,154.74	366,008.38	556,419.25	472,931.00	456,859.69	413,915.84	376,370.41	394,869.93	382,997.95
Support Services:									
Tuition	3,114,066.52	3,091,447.86	2,887,319.00	2,927,564.90	2,552,600.25	2,421,071.08	2,569,987.56	2,293,109.19	2,528,295.03
Student and Instruction Related Services	1,556,839.53	1,364,867.81	1,339,530.18	1,293,466.83	1,235,001.73	1,127,185.66	1,025,108.86	1,110,548.00	1,042,619.01
School Administrative Services	556,183.19	578,928.66	544,276.12	621,266.99	691,731.64	701,666.44	591,142.80	573,848.03	347,733.23
General and Business Admin. Services	507,113.65	563,586.71	488,174.89	431,244.75	548,123.21	556,334.56	489,973.53	450,814.56	600,117.32
Plant Operations and Maintenance	985,780.59	949,358.61	1,008,974.41	1,053,905.67	1,065,793.25	1,023,963.32	840,765.43	690,280.90	646,272.69
Pupil Transportation	217,420.19	270,548.92	389,490.25	424,286.04	382,216.95	348,923.32	290,908.84	298,229.48	270,236.49
Interest on Long-Term Debt	343,768.96	423,528.35	438,837.52	453,756.68	437,779.85	506,587.51	520,746.92	534,446.87	387,686.56
Total Governmental Activities Expenses	13,501,933.03	13,488,615.89	13,551,452.07	13,212,213.09	13,005,858.69	12,381,664.30	11,746,575.62	10,572,170.09	10,027,833.46
Business-type Activities:									
Food Service	18,388.86	15,302.98	11,493.87	10,744.44	11,003.65	15,970.59	16,244.89	14,492.96	13,705.19
Total Business-Type Activities Expense	18,388.86	15,302.98	11,493.87	10,744.44	11,003.65	15,970.59	16,244.89	14,492.96	13,705.19
Total District-Wide Expenses	\$ 13,520,321.89	\$ 13,503,918.87	\$ 13,562,945.94	\$ 13,222,957.53	\$ 13,016,862.34	\$ 12,397,634.89	\$ 11,762,820.51	\$ 10,586,663.05	\$ 10,041,538.65
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Instruction (tuition)	449,339.00				437,779.85	506,587.51	520,746.92		
Interest on Long-Term Debt					1,749,125.02	1,679,592.54	1,414,341.94	1,922,883.72	1,398,456.99
Operating Grants and Contributions	1,720,430.94	1,697,748.85	1,941,300.28	2,046,016.24	1,749,125.02	1,679,592.54	1,414,341.94	1,922,883.72	1,398,456.99
Total Governmental Activities Program Revenues	2,169,769.94	1,697,748.85	1,941,300.28	2,046,016.24	2,186,904.87	2,186,180.05	1,935,088.86	1,922,883.72	1,398,456.99

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Changes in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Business-Type Activities:</b>									
Charges for Services	\$ 8,850.00	\$ 8,820.00	\$ 8,400.00	\$ 8,473.00	\$ 8,586.00	\$ 9,072.00	\$ 8,451.00	\$ 8,316.00	\$ 6,708.50
Food Service	8,194.48	6,924.82	6,029.12	6,692.09	6,587.16	6,060.01	6,571.24	7,240.47	5,068.96
Operating grants and contributions	17,044.48	15,744.82	14,429.12	15,165.09	15,173.16	15,132.01	15,022.24	15,566.47	11,777.46
Total Business-Type Activities Program Revenues	\$ 2,186,814.42	\$ 1,713,493.67	\$ 1,955,729.40	\$ 2,061,181.33	\$ 2,202,078.03	\$ 2,201,312.06	\$ 1,950,111.10	\$ 1,938,440.19	\$ 1,410,234.45
Total District-Wide Program Revenues									
<b>Net (Expense)/Revenue</b>	\$ (11,332,163.08)	\$ (11,790,867.04)	\$ (11,610,151.79)	\$ (11,166,196.84)	\$ (10,818,953.81)	\$ (10,195,484.25)	\$ (9,811,486.76)	\$ (8,649,286.37)	\$ (8,629,376.47)
Governmental Activities	(1,344.38)	441.84	2,935.25	4,420.65	4,169.51	(838.68)	(1,222.65)	1,063.51	(1,927.73)
Business-Type Activities	(11,333,507.46)	(11,790,425.20)	(11,607,216.54)	(11,161,776.19)	(10,814,784.30)	(10,196,322.83)	(9,812,709.41)	(8,648,222.86)	(8,631,304.20)
Total District-Wide Net Expense									
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes:									
Property Taxes, Levied for General Purposes	\$ 11,432,932.00	\$ 11,165,103.00	\$ 10,639,521.98	\$ 10,230,310.00	\$ 9,836,937.00	\$ 9,458,487.00	\$ 9,108,621.00	\$ 8,194,917.00	\$ 8,296,943.00
Property Taxes, Levied for Debt Service Principal	481,132.04	406,791.65	384,036.48	376,129.31	425,761.15	361,336.49	284,996.08	335,000.00	75,000.00
Federal and State Aid Not Restricted	984.00	-	62,685.68	15,983.90	81,017.65	62,672.61	62,793.38	62,804.00	42,377.20
Tuition	-	429,226.10	410,246.58	439,903.59	447,335.55	455,321.80	376,708.64	72,061.25	51,190.94
Investment Earnings	1,079.46	1,713.43	2,681.20	3,898.40	44,763.93	56,571.17	65,630.79	174,459.26	35,219.50
Miscellaneous Income	122,902.96	154,520.29	100,073.56	58,952.63	69,229.43	71,813.90	54,308.98	50,554.30	144,521.09
Special Item - EDA Grant	-	-	-	-	-	-	-	-	3,448,344.00
Special Item - Debt Refinanced, Net	308,000.00	-	-	-	19,100.00	-	-	-	-
Special Item - Proceeds from Refunding of 1999 Bonds	-	-	-	-	-	-	-	-	-
Total Governmental Activities	12,347,030.46	12,157,354.47	11,599,245.48	11,125,177.83	10,924,044.71	10,466,212.87	9,953,058.87	8,889,795.81	12,093,595.73
Business-Type Activities:									
Investment Earnings	33.67	72.51	20.10	86.63	264.61	285.55	167.62	84.84	13.72
Total Business-Type Activities	33.67	72.51	20.10	86.63	264.61	285.55	167.62	84.84	13.72
Total District-Wide General Revenues	\$ 12,347,064.13	\$ 12,157,426.98	\$ 11,599,265.58	\$ 11,125,264.46	\$ 10,924,309.32	\$ 10,466,498.42	\$ 9,953,226.49	\$ 8,889,880.65	\$ 12,093,609.45
<b>Change in Net Assets</b>	\$ 1,014,867.38	\$ 366,487.43	\$ (10,906.31)	\$ (41,019.03)	\$ 105,090.88	\$ 270,728.62	\$ 141,572.11	\$ 240,509.44	\$ 3,464,219.26
Governmental Activities	(1,310.71)	514.35	2,955.35	4,507.28	4,434.12	(553.03)	(1,055.03)	1,148.35	(1,914.01)
Business-Type Activities	1,013,556.67	367,001.78	(7,950.96)	(36,511.75)	109,625.00	270,175.59	140,517.08	241,657.79	3,462,305.25
Total District-Wide Change in Net Assets									

Source: District Records.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Fund Balances - Governmental Funds,  
Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund									
Reserved	\$ 1,381,598.34	\$ 701,535.57	\$ 436,279.97	\$ 220,880.73	\$ 245,009.59	\$ 520,757.31	\$ 327,081.30	\$ 450,510.20	\$ 385,910.36
Unreserved	231,582.80	478,861.28	362,173.10	555,562.48	497,383.46	387,238.13	309,912.56	260,101.90	461,296.58
Total General Fund	<u>\$ 1,613,181.14</u>	<u>\$ 1,180,396.85</u>	<u>\$ 798,453.07</u>	<u>\$ 776,443.21</u>	<u>\$ 742,393.05</u>	<u>\$ 907,995.44</u>	<u>\$ 636,993.86</u>	<u>\$ 710,612.10</u>	<u>\$ 847,206.94</u>
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,088.88	\$ 4,637,821.10	\$ -
Unreserved, Reported In:									
Capital Projects Fund	157,974.40						2,782.87	422,461.79	11,693,634.58
Debt Service Fund	1.29	0.31	0.33	17,676.35	27,980.37	1,424.00	0.57	66,131.33	3,630.98
Total All Other Governmental Funds	<u>\$ 157,975.69</u>	<u>\$ 0.31</u>	<u>\$ 0.33</u>	<u>\$ 17,676.35</u>	<u>\$ 27,980.37</u>	<u>\$ 1,424.00</u>	<u>\$ 161,872.32</u>	<u>\$ 5,126,414.22</u>	<u>\$ 11,697,265.56</u>
Total Fund Balances	<u>\$ 1,771,156.83</u>	<u>\$ 1,180,397.16</u>	<u>\$ 798,453.40</u>	<u>\$ 794,119.56</u>	<u>\$ 770,373.42</u>	<u>\$ 909,419.44</u>	<u>\$ 798,866.18</u>	<u>\$ 5,837,026.32</u>	<u>\$ 12,544,472.50</u>

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Changes in Fund Balances - Governmental Funds,  
Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>									
Tax Levy	\$ 12,188,710.00	\$ 11,926,479.00	\$ 11,379,743.98	\$ 10,982,256.00	\$ 10,613,558.00	\$ 10,239,908.00	\$ 9,828,243.00	\$ 9,046,475.00	\$ 8,458,739.00
Tuition Charges	449,339.00	429,226.10	410,246.58	439,903.59	447,335.55	455,321.80	376,708.64	72,061.25	51,190.94
Interest Earnings	-	1,713.43	2,681.20	3,898.40	44,763.93	56,571.17	65,630.79	174,459.26	35,219.50
Miscellaneous	188,263.73	218,570.77	127,312.22	95,188.77	118,076.90	86,450.75	82,845.73	96,668.15	144,521.09
State Sources	1,222,121.73	1,003,308.32	1,356,225.90	1,482,177.31	1,702,725.21	1,655,080.20	1,366,927.07	1,265,084.37	1,194,832.19
Federal Sources	182,106.95	252,180.70	264,335.88	167,770.00	165,390.00	159,061.00	167,792.50	157,931.50	159,206.00
Total revenues	14,230,541.41	13,831,478.32	13,540,545.76	13,171,194.07	13,091,949.59	12,652,392.92	11,888,147.73	10,812,679.53	10,043,708.72
<b>Expenditures</b>									
Instruction									
Regular	3,214,014.17	3,186,419.81	3,319,343.98	3,173,864.96	3,196,943.39	2,998,224.80	3,136,515.76	2,966,325.13	2,685,638.09
Special Education	899,343.95	1,036,755.23	1,075,586.13	1,019,606.59	938,338.78	903,805.27	797,751.86	347,118.90	320,365.27
School Sponsored/Other Instructional	342,243.53	273,524.62	417,765.68	363,926.78	335,791.60	301,896.62	286,846.63	313,127.93	305,445.48
Support Services:									
Tuition	3,114,066.52	3,091,447.86	2,887,319.00	2,927,584.90	2,552,600.25	2,421,071.08	2,569,987.56	2,293,109.19	2,528,295.03
Student and Instruction Related Services	1,058,187.97	1,014,478.80	1,006,731.51	1,000,568.89	932,658.46	839,366.28	779,790.93	871,449.40	808,450.95
School Administrative Services	418,670.82	483,894.26	445,182.56	437,764.70	488,220.74	480,222.68	457,242.17	439,890.19	241,130.27
General and Business Administrative Services	406,820.18	424,389.83	377,682.18	349,397.31	365,336.08	368,713.64	344,980.53	323,212.57	482,457.75
Plant Operations and Maintenance	778,538.05	702,066.45	745,115.25	802,397.01	799,085.02	766,987.58	687,412.56	588,069.32	558,896.18
Pupil Transportation	217,370.81	267,818.84	293,337.15	340,544.96	301,826.15	257,507.68	261,418.00	298,229.48	270,236.49
Employee Benefits	2,257,319.57	2,118,053.84	2,077,430.11	1,860,116.81	2,161,382.89	2,101,605.86	1,719,588.70	1,445,588.61	1,303,550.39
Capital Outlay	86,565.15	2,980.00	50,168.35	30,795.00	321,727.62	234,514.41	5,012,899.41	6,696,804.34	1,275,548.52
Capital outlay-Debt Assessment	21,741.00	37,385.00							
Debt Service:									
Principal	410,000.00	400,000.00	395,000.00	380,000.00	400,000.00	355,000.00	345,000.00	335,000.00	75,000.00
Interest and Other Charges	414,900.02	430,320.02	445,550.02	460,190.02	456,084.63	512,923.76	526,873.76	602,200.65	173,172.50
Total Expenditures	13,639,781.74	13,449,534.56	13,536,211.92	13,146,747.93	13,249,995.61	12,541,839.66	16,926,307.87	17,520,125.71	11,028,186.92
Excess (Deficiency) of Revenues	590,759.67	381,943.76	4,333.84	24,446.14	(158,146.02)	110,553.26	(5,038,160.14)	(6,707,446.18)	(984,478.20)
Over (Under) Expenditures									

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Changes in Fund Balances - Governmental Funds,  
Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Other Financing Sources (Uses)</b>									
Bond Proceeds	-	-	-	-	19,100.00	-	-	-	9,113,000.00
EDA Grants Receivable	-	-	-	-	-	-	-	-	3,448,334.00
Refunding of 1999 Bonds	-	-	-	-	-	1,423.19	29,587.51	156,249.29	31,061.69
Transfers In	-	-	-	-	-	(1,423.19)	(29,587.51)	(156,249.29)	(31,061.69)
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 590,759.67	\$ 381,943.76	\$ 4,333.84	\$ 24,446.14	\$ (139,046.02)	\$ 110,553.26	\$ (5,038,160.14)	\$ (6,707,446.18)	\$ 11,576,855.80
Net Change in Fund Balances	6.09%	6.17%	6.23%	6.41%	6.62%	7.05%	7.32%	8.66%	2.54%
Debt Service as a Percentage of Noncapital Expenditures									

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
Unaudited

Fiscal Year Ending June 30,	Donations		Rentals		Prior Year Refunds		Miscellaneous		Annual Totals
2003	\$ 9,307.13		\$ 27,819.05		\$ 10,568.00		\$ 570,357.45		\$ 618,051.63
2004	1,968.00		32,483.25		2,456.62		111,631.71		148,539.58
2005	7,845.99		28,560.46		2,542.17		101,876.90		140,825.52
2006	300.00		38,914.69		3,355.88		424,040.33		466,610.90
2007	62,397.13		9,085.04		331.63		510,469.78		582,283.58
2008			51,202.76		6,339.80		503,786.35		561,328.91
2009			48,077.07		1,848.15		452,829.40		502,754.62
2010			51,925.02		4,454.48		456,621.84		513,001.34
2011			54,380.49		4,206.77		526,872.56		585,459.82
2012			44,804.23		5,073.08		523,444.11		573,321.42

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Total Assessed Value				Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Commercial	Industrial				
2003	\$ 5,257,400	\$ 615,041,500	\$ 37,912,000	\$ -	\$ 462,936	\$ 658,673,836	\$ 898,742,121	1.252
2004	5,478,700	619,422,700	37,758,000	-	406,196	663,065,596	988,408,058	1.390
2005	6,103,000	622,940,600	37,758,000	-	360,297	667,161,897	1,076,704,844	1.414
2006	13,258,500	1,283,832,800	41,253,400	18,142,200	536,287	1,357,023,187	1,191,582,228	0.728
2007	15,391,100	1,283,535,800	41,253,400	18,142,200	746,932	1,359,069,432	1,359,069,432	0.767
2008	15,088,500	1,287,431,000	41,253,400	18,142,200	798,679	1,362,713,779	1,362,713,779	0.791
2009	12,546,200	1,298,026,500	41,253,400	18,142,200	924,266	1,370,892,566	1,386,280,277	0.815
2010	12,546,200	1,300,365,800	40,688,700	18,142,200	867,045	1,372,609,945	1,372,609,945	0.850
2011	8,676,800	1,078,974,500	40,649,400	15,300,000	722,133	1,144,322,833	1,241,057,068	1.053
2012					656,997	1,148,139,197		

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
2003	1.228	0.0240	1.252	0.689	0.289	2.230
2004	1.390	0.0004	1.390	0.712	0.308	2.410
2005	1.413	0.0014	1.414	0.739	0.317	2.470
2006	0.728	0.0003	0.728	0.376	0.166	1.270
2007	0.767	0.0003	0.767	0.394	0.179	1.340
2008	0.791	0.0003	0.791	0.412	0.188	1.391
2009	0.815	0.0003	0.815	0.431	0.195	1.441
2010	0.850	0.0003	0.850	0.459	0.201	1.510
2011	1.053	0.0003	1.053	0.569	0.226	1.848
2012	1.066	0.0003	1.066	0.574	0.242	1.882

Source: Municipal Tax Collector

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Principal Property Taxpayers  
Current Year and Ten Years Ago  
Unaudited

Fiscal Year Ended June 30,	2012		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer 1	\$ 18,142,200	1.58%	\$ 5,629,700	0.86%
Taxpayer 2	6,500,000	0.57%	3,177,500	0.49%
Taxpayer 3	5,673,200	0.49%	2,055,000	0.32%
Taxpayer 4	4,740,600	0.41%	1,700,000	0.26%
Taxpayer 5	4,045,700	0.35%	1,634,500	0.25%
Taxpayer 6	3,730,700	0.32%	1,465,500	0.22%
Taxpayer 7	3,558,500	0.31%	1,354,200	0.21%
Taxpayer 8	3,489,800	0.30%	1,218,000	0.19%
Taxpayer 9	3,278,000	0.29%	1,197,200	0.18%
Taxpayer 10	3,191,400	0.28%	1,177,000	0.18%
Taxpayer 11	3,181,300	0.28%	n/a	
Taxpayer 12	3,018,400	0.26%	n/a	
Taxpayer 13	2,970,900	0.26%	n/a	
Total	<u>\$ 65,520,700</u>	<u>5.71%</u>	<u>\$ 20,608,600</u>	<u>3.16%</u>

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 13,757,160	\$ 13,647,616	99.20%	\$ 110,229	\$ 13,757,844	100.00%
2003	14,759,764	14,600,588	98.92%	154,329	14,754,916	99.96%
2004	16,046,517	15,925,905	99.24%	124,992	16,050,897	100.02%
2005	16,595,672	16,441,769	99.07%		16,441,769	99.07%
2006	17,282,796	17,122,524	99.07%		17,122,524	99.07%
2007	18,211,543	18,137,385	99.59%		18,137,385	99.59%
2008	18,955,349	18,728,340	98.80%	171,452	18,899,792	99.70%
2009	19,789,506	19,611,270	99.10%	163,944	19,775,214	99.92%
2010	20,790,977	20,568,847	98.93%	187,121	20,755,968	99.83%
2011	21,147,085	20,735,315	98.05%	187,120	20,922,435	98.94%

**Source: Municipal Tax Collector**

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2003	\$ 3,520,000	-	-	-	-	\$ 3,520,000	1.70%	871
2004	12,558,000	-	-	-	-	12,558,000	5.71%	3,108
2005	12,223,000	-	-	-	-	12,223,000	5.36%	3,037
2006	11,878,000	-	-	-	-	11,878,000	4.72%	2,961
2007	11,523,000	-	-	-	-	11,523,000	4.28%	2,882
2008	11,273,000	-	-	-	-	11,273,000	4.14%	2,826
2009	10,893,000	-	-	-	-	10,893,000	4.30%	2,720
2010	10,498,000	-	-	-	-	10,498,000	3.93%	2,571
2011	10,098,000	-	-	-	-	10,098,000	3.65%	2,461
2012	9,380,000	-	-	-	-	9,380,000	3.29%	2,286

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 3,595,000		\$ 3,595,000	0.55%	884.38
2003	3,520,000		3,520,000	0.53%	871.07
2004	12,558,000		12,558,000	1.89%	3,107.65
2005	12,223,000		12,223,000	1.83%	3,036.77
2006	11,878,000		11,878,000	0.88%	2,960.62
2007	11,523,000		11,523,000	0.85%	2,882.19
2008	11,273,000		11,273,000	0.83%	2,826.02
2009	10,893,000		10,893,000	0.79%	2,719.85
2010	10,498,000		10,498,000	0.76%	2,571.15
2011	10,098,000		10,098,000	0.88%	2,460.53
2012	9,380,000		9,380,000	0.82%	2285.57505

Source: District Records

NOTE: 2006 Revaluation completed

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2011  
Unaudited**

Net Direct Debt of School District as of December 31, 2011	\$ 9,380,000.00
Net Overlapping Debt of School District:	
Borough of Ho-Ho-Kus (100%)	\$ 4,464,900.00
County of Bergen - Borough's share (0.72%)	502,857,237.60
Northwest Bergen County Utilities Authority - Borough's share (5.51%)	<u>1,220,625.18</u>
	<u>508,542,762.78</u>
Total Direct and Overlapping Debt as of December 31, 2011	<u>\$ 517,922,762.78</u>

**Source: Borough of Ho-Ho-Kus Chief Financial Officer and Bergen County Treasurer's  
Office and Northwest Bergen County Utility Authority.**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis	
2009	1,399,783,693
2010	1,327,664,441
2011	1,256,980,325
	<u>\$ 3,984,428,459</u>
Average equalized valuation of taxable property	<u>\$ 1,328,142,820</u>
Debt limit (4 % of average equalization value)	53,125,713
Total Net Debt Applicable to Limit	<u>9,380,000</u>
Legal debt margin	<u>\$ 43,745,713</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 21,883,423	\$ 23,303,454	\$ 25,650,251	\$ 28,513,860	\$ 32,136,919	\$ 35,721,154	\$ 38,717,246	\$ 40,821,697	\$ 54,728,669	53,125,713
Total Net Debt Applicable to Limit	<u>3,595,000</u>	<u>3,520,000</u>	<u>12,558,000</u>	<u>12,223,000</u>	<u>11,878,000</u>	<u>11,523,000</u>	<u>11,273,000</u>	<u>10,893,000</u>	<u>10,098,000</u>	<u>9,380,000</u>
Legal Debt Margin	<u>\$ 18,288,423</u>	<u>\$ 19,783,454</u>	<u>\$ 13,092,251</u>	<u>\$ 16,290,860</u>	<u>\$ 20,258,919</u>	<u>\$ 24,198,154</u>	<u>\$ 27,444,246</u>	<u>\$ 29,928,697</u>	<u>\$ 44,630,669</u>	<u>\$ 43,745,713</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.43%	15.11%	48.96%	42.87%	36.96%	32.26%	29.12%	26.66%	18.45%	17.66%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	4,041	\$ 206,624,412	\$ 51,132	2.30%
2004	4,041	220,080,942	54,462	1.90%
2005	4,025	228,241,650	56,706	0.50%
2006	4,012	251,608,568	62,714	0.50%
2007	3,998	269,441,212	67,394	0.50%
2008	3,989	272,157,503	68,227	0.20%
2009	4,005	253,107,990	63,198	0.60%
2010	4,083	267,379,338	65,486	1.20%
2011	4,104	276,817,180	67,451	1.20%
2012	4,104 E	285,121,696	69,474	1.20%

Sources:

Population information provided by the NJ Dept of Labor and Workforce Development

Personal income has been estimated based upon the municipal population and per capita personal income presented

Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Principal Employers  
Current Year and Ten Years Ago  
Unaudited

Employer	2012		2002		Percentage of Total Municipal Employment
	Employees	Rank [Optional]	Employees	Rank [Optional]	
	0		0		0.00%

NOT AVAILABLE

Source: NOT AVAILABLE

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years  
Unaudited

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	42	44	44	45	45.2	45.3	45.3	49.5	45.3	45.9
Special Education	5	5	5	12	13.2	15.2	15.7	17.1	13	13
Support Services:										
Student and Instruction Related Services	10	11.7	14	13.4	13.5	13.5	15	16.7	17.7	17.3
School Administrative Services	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5
General and Business Administrative Services	4.5	4.5	4.5	4.5	4.5	4.5	3.8	3.8	4	4.5
Plant Operations and Maintenance	7	7	8	8	8	8	8	8	6	6
<b>Total</b>	<u>71.9</u>	<u>75.6</u>	<u>78.9</u>	<u>86.3</u>	<u>87.8</u>	<u>89.9</u>	<u>91.3</u>	<u>98.6</u>	<u>89.5</u>	<u>90.2</u>

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School						
2003	598	\$ 6,233,192	\$10,423.40	7.99%	47	12.7	N/A	N/A	588.0	565.0	-2.97%	96.09%	
2004	615	6,707,513	10,906.53	4.64%	49	12.7	N/A	N/A	615.0	592.0	4.59%	96.26%	
2005	621	7,090,063	11,417.17	4.68%	49	12.8	N/A	N/A	621.0	591.0	0.98%	95.17%	
2006	651	7,878,709	12,102.47	6.00%	51	12.8	N/A	N/A	651.0	623.0	4.83%	95.70%	
2007	668	8,418,591	12,602.68	4.13%	51	13.1	N/A	N/A	668.0	642.0	2.61%	96.11%	
2008	669	8,539,043	12,763.89	1.28%	51	13.1	N/A	N/A	669.0	641.0	0.15%	95.81%	
2009	662	8,749,216	13,216.34	3.54%	51	12.9	N/A	N/A	662.0	636.0	-1.05%	96.07%	
2010	673	9,198,234	13,667.51	3.41%	54	12.4	N/A	N/A	673.0	645.8	1.66%	95.96%	
2011	660	9,866,489	14,949.23	9.38%	51	12.9	N/A	N/A	659.0	633.0	-2.08%	96.05%	
2012	647	8,979,684	13,878.96	-7.16%	51	12.4	N/A	N/A	649.4	626.5	-1.46%	96.47%	

Source: District Records

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

School Building Information  
Last Ten Fiscal Years  
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
76163	76163	76163	76163	104503	104503	104503	104503	104503	104503	104503
630	630	630	800	800	800	800	800	800	800	800
598	615	621	651	668	668	662	680	660	660	647

District Building

Elementary

Ho-Ho-Kus Elementary (1936)

Square Feet

Capacity (students)

Enrollment

Number of Schools at June 30, 2006  
Elementary = 1 {PreK/Eighth Grade}

**Source: District Records**

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.  
Enrollment is based on the average daily enrollment.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**General Fund  
Schedule of Required Maintenance for School Facilities  
Last Ten Fiscal Years  
Unaudited**

Undistributed Expenditures--Required  
Maintenance for School Facilities  
11-000-261-xxx

*School Facility	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Ho-Ho-Kus Elementary School	\$ 198,743	\$ 140,639	\$ 97,969	\$ 86,861	\$ 122,712	\$ 86,259	\$ 74,391	\$ 66,129	\$ 80,639	\$ 65,188
<b>District Total</b>	<u>\$ 198,743</u>	<u>\$ 140,639</u>	<u>\$ 97,969</u>	<u>\$ 86,861</u>	<u>\$ 122,712</u>	<u>\$ 86,259</u>	<u>\$ 74,391</u>	<u>\$ 66,129</u>	<u>\$ 80,639</u>	<u>\$ 65,188</u>

\*School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Insurance Schedule  
As of June 30, 2012**

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>	
Selective Way Insurance Company			
Package Policy:			
Blanket Real and Personal Property	Scheduled		
Earthquake	\$ 5,000,000.00	\$ 50,000.00	
Flood	5,000,000.00	50,000.00	
Computer Equipment	2,500,000.00		
Demolition/Incr Cost of Construction	2,000,000.00		
Boiler and Machinery	250,000.00		
Crime Coverage:			
Public Employee Dishonesty-Per Employee	100,000.00	5,000.00	
Public Employee Dishonesty-Per Loss	400,000.00		
Forgery or Alteration	50,000.00	1,000.00	
General Liability-Per Occurance	1,000,000.00		
General Liability-Aggregate	2,000,000.00		
Automobile	1,000,000.00	1,000.00	Comp.
		1,000.00	Collision
Ace American Insurance Co.:			
Educators Legal Liability	1,000,000.00		
American Safety and Casualty Insurance Co.:			
Environmental Impairment	3,000,000.00	15,000.00	
Star Insurance Company:			
Workers Compensation Coverage	1,000,000.00		
Fireman's Fund Insurance Company:			
Commercial Umbrella	50,000,000.00		
Bollinger Insurance:			
Student Accident Insurance	Scheduled		
Ohio Casualty Insurance Co.:			
Board Secretary/Business Administrator	2,000.00		
Treasurer of School Monies	225,000.00		

Source: District Records

**SINGLE AUDIT SECTION**



# VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

K-1  
Sheet 1

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
"GOVERNMENT AUDITING STANDARDS"

The Honorable President  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

We have audited the basic financial statements of the Borough of Ho-Ho-Kus School District as of and for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Ho-Ho-Kus School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Suite 212  
P.O. Box 397  
Mt. Arlington, NJ 07856  
Phone: 973-770-5491  
Fax: 973-770-5494  
vm\_associates@msn.com

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify an deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

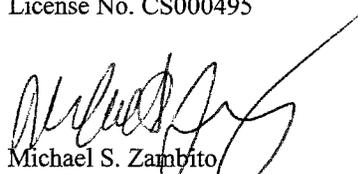
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Ho-Ho-Kus School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Borough of Ho-Ho-Kus School District and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CS000495



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

November 16, 2012



# VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

K-2  
Sheet 1

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Borough of Ho-Ho-Kus School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grants Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2012. Borough of Ho-Ho-Kus School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Ho-Ho-Kus School District's management. Our responsibility is to express an opinion on Borough of Ho-Ho-Kus School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ho-Ho-Kus School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Ho-Ho-Kus School District's compliance with those requirements.

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In our opinion, the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Borough of Ho-Ho-Kus School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Borough of Ho-Ho-Kus School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over compliance.

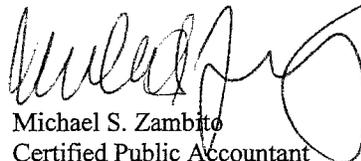
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Borough of Ho-Ho-Kus School District, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Vincent M. Montanino  
Public School Accountant  
License No. CS000495



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

November 16, 2012

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal or Grant Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable Encumbrances				
U.S. Department of Treasury Education Jobs Fund Total U.S. Department of Treasury	84.410A	7/1/11-6/30/12	\$ 740.00	\$ -	\$ -	\$ 740.00	\$ 740.00	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Agriculture Passed - Through State Department of Education:												
Special Milk Program	10.556	7/1/11-6/30/12	8,194.47	(1,297.70)		7,691.40	8,194.47			(503.07)		
Special Milk Program	10.556	7/1/10-6/30/11	6,924.82	(1,297.70)		1,297.70	-			-		
Total U.S. Department of Agriculture						8,989.10	8,194.47			(503.07)		
U.S. Department of Education Passed - Through State Department of Education:												
E.S.E.A. Title II A	84.367A	9/1/11-8/31/12	8,894.00			8,894.00	8,894.00			-		
E.S.E.A. Title II A	84.367A	9/1/10-8/31/11	10,045.00	(2,590.00)		6,765.00	4,175.00			-		
I.D.E.A. Part B, Basic	84.027A	9/1/11-8/31/12	162,506.00			154,098.00	162,506.00			(8,408.00)		
I.D.E.A. Part B, Basic	84.027A	9/1/10-8/31/11	159,184.00	(4,817.00)		4,817.00	-			-		
I.D.E.A. Part B, Preschool	84.173A	9/1/11-8/31/12	4,525.00		271.00	2,282.00	4,796.00			(2,243.00)		
I.D.E.A. Part B, Preschool	84.173A	9/1/10-8/31/11	4,120.00	(592.00)		592.00	-			-		
I.D.E.A. Part B, Preschool	84.173A	9/1/09-8/31/10	3,834.00	(271.00)		271.00	-			-		
ARRA-I.D.E.A. Part B	84.391	9/1/09-8/31/11	172,278.00	(36,155.78)	(0.22)	36,156.00	-			-		
ARRA-I.D.E.A. Part B	84.391	9/1/09-8/31/11	172,278.00	(2,173.65)	(0.35)	2,174.00	-			-		
ARRA- Preschool Grants	84.392	9/1/09-8/31/11	6,237.00	(46,599.43)	270.43	216,049.00	180,371.00			(10,651.00)		
Total U.S. Department of Education						\$225,778.10	\$189,305.47			\$ (11,154.07)		\$ -
Total Federal Financial Assistance						\$225,778.10	\$189,305.47			\$ (11,154.07)		\$ -

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Balance June 30, 2012
							Disbursements	Accounts Payable Encumbrances		
							Total			
State Department of Education:										
General Funds:										
Special Education Categorical Aid	12-495-034-5120-088	7/1/11-6/30/12	346,508.00	\$ -	-	\$ 292,290.00	\$ 324,767.00	\$ -	\$ -	\$ -
Special Education Categorical Aid	11-495-034-5120-088	7/1/10-6/30/11	101,789.00	(842.00)	-	842.00	-	-	\$ (32,477.00)	\$ -
Extraordinary Aid	12-495-034-5120-047	7/1/11-6/30/12	48,237.00	-	-	48,237.00	48,237.00	-	(48,237.00)	-
Extraordinary Aid	11-495-034-5120-047	7/1/10-6/30/11	74,641.00	(74,641.00)	-	74,641.00	-	-	-	-
Non-Public Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	5,822.80	-	-	5,822.80	5,822.80	-	(5,822.80)	-
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	4,461.70	(4,461.70)	-	4,461.70	-	-	-	-
Anti-Bullying Bill of Rights Act			244.00	-	-	-	244.00	-	-	244.00
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	340,380.93	-	-	323,291.65	340,380.93	-	(17,089.36)	-
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	359,474.62	(17,020.91)	-	17,020.91	-	-	-	-
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	7/1/11-6/30/12	443,441.00	-	-	443,441.00	443,441.00	-	-	-
Total General Funds			1,155,988.16	(96,965.61)	-	1,155,988.16	1,162,892.73	-	(103,870.18)	-
Capital Project Funds:										
N.J. Economic Development Authority Grant	2200-050-10-G0HV		142,784.80	-	-	-	142,784.80	-	-	(142,784.80)
Total Capital Project Funds			-	-	-	-	-	-	-	-
Debt Service Funds:										
Debt Service Aid - State Support	11-495-034-5120-12F	7/1/11-6/30/12	69,123.00	-	-	69,123.00	69,123.00	-	-	-
Total Debt Service Funds			-	-	-	69,123.00	69,123.00	-	-	-
Total All Funds			\$ 1,225,111.16	\$ (96,965.61)	\$ -	\$ 1,225,111.16	\$ 1,374,800.53	\$ -	\$ (246,654.98)	\$ -

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Ho-Ho-Kus Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2012  
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(31,635.00) for the general fund and \$995.95 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 740.00	\$1,152,998.73	\$1,153,738.73
Special Revenue Fund	181,366.95	0.00	181,366.95
Debt Service Fund		69,123.00	69,123.00
Food Service Fund	<u>8,194.47</u>	<u>                    </u>	<u>8,194.47</u>
Total Awards and Financial Assistance	<u>\$190,301.42</u>	<u>\$1,222,121.73</u>	<u>\$1,412,423.15</u>

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor’s Results

**Financial Statement Section**

- A) Type of auditor’s report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? \_\_\_\_\_yes        X  no
- 2) Were significant deficiencies identified  
        that were not considered to be material  
        weaknesses? \_\_\_\_\_yes        X  no
- C) Noncompliance material to basic  
    financial statements noted? \_\_\_\_\_yes        X  no

**Federal Awards Section**

Not Applicable



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

Not Applicable